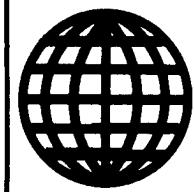


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# ***JPRS Report***

## **East Europe**

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# East Europe

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**Growing Reluctance To Push Separation Noted**

92CH0892A Frankfurt/Main FRANKFURTER  
ALLGEMEINE in German 27 Aug 92 p 10

[Article by Berthold Kohler: "The Pocket Calculator Replaces the Songbook"]

[Text] Prague, 26 Aug—One could recently read in the Prague daily LIDOVE NOVINY that right now, coming back to Czechoslovakia from vacation is as unpleasant as coming home to a dirty apartment full of mountains of unwashed dishes. The feeling, which even non-Czech people returning from vacation could not define any better, is widespread—at least in the Bohemian states. It has its origin in the indecision and lack of clarity, which continues to dominate the process of separation between Czechs and Slovaks. If, after some time of mutual probing, the front lines seemed to have become clearer as late as July, and everything seemed to point toward rapid decisions, the Slovak side has meanwhile fallen back on its old volatility and its tactic of keeping all conceivable (but not necessarily workable) options open. At a quick glance the roles have changed: While Prague with increasing determination wants to bring about a clean slate, Bratislava wants to cut up half but not all of the tablecloth.

The most recent proof of the inner conflict that afflicts most Slovaks, and apparently the Meciar government as well, was now provided by the Slovak prime minister with the tit for tat about continuing talks with Czech Prime Minister Klaus, in which a decision is to be made about the speed and nature of the separation. In an urgent letter at the beginning of the week the Slovak scolds the Czechs that their Civic Democratic Party (ODS) is not adhering to the agreements with the Movement for Democratic Slovakia (HZDS), provokes Bratislava with unacceptable personnel decisions in connection with the Federal Secret Service, and accuses the HZDS of a "leftist coup." As long as the ODS does not apologize for this and return to "honorable" relations, there will be no new negotiations. On the day after the brusque denial and after a "clarifying" telephone call, everything was once again forgotten and the continuation of the talks set in Brno—regarding an apology by Klaus. According to his spokesman, one has heard nothing.

The wavering of the HZDS shows that the Slovak Government's nerves are raw, something that has not escaped the Czech negotiation partners. "The Slovaks have taken a great jump without closely inspecting the terrain beforehand. Now they are just about to land, and they do not know what it looks like," Klaus recently said in a conversation with this paper. Since taking over the government business after the elections in June, more and more HZDS members in high positions have realized that total independence may be a beautiful national goal, but it is connected with major political, economic, and social costs. Ministers and under secretaries, the saying goes, are more and more replacing the Slovak songbook with a pocket calculator. Unemployment is growing by leaps and bounds with shrinking production, a declining standard of living for years, and horrendous costs in establishing an independent administration (the diplomatic service alone is estimated at 100 million German marks annually). Those are

the apocalyptic horsemen in the pipe dreams of those Slovaks who are not totally blinded by the ideal of independence. Finally, a sobering experience was provided by a trip to the United States by an HZDS economic expert, who brought back the news that the Americans are not exactly thrilled about an independent Slovakia.

But not even the sober ones want to give up the high goal of international independence, dictated by a long-suppressed struggle for national emancipation and promoted by decades of Czech patronage and condescension—principally because of the growing competition with other parties in Slovakia. The Slovak National Party (SNS) already accused the wavering HZDS of endangering the emancipation process. The Party of the Democratic Left (SDL, successor to the Communist Party) must also be taken seriously as a rival for the government party; by clever maneuvering and by cooperating with Dubcek's Social Democrats it is gaining increasing influence.

In the conflict between nationalism and sober rationalism, even between the individual party groups within the HZDS, the Meciar government is now trying to wrap an old construct into ever newer packages. What was formerly called "confederation" is now to be touted to the Czechs as a "union," the extensive connection between internationally independent nations in the fields of foreign policy, economy, and defense. But the ODS does not want to enter into agreements concerning the desired close cooperation with the Slovaks until after the definitive split. Most of all, Klaus fears that due to the hermaphroditic nature of the "union" the state-regulating model of Slovak economic policy could pull his radically market-oriented reforms with it into the maelstrom of economic disaster. Other Czechs point to the risks that would occur for the Bohemian states with respect to the Slovak "policy of confrontation" toward Hungary.

It was therefore with some relief that people in Prague learned that after the "union plan" was announced the HZDS could not even say who had actually been the author of the paper and whether it involved an official position by the party. Whether Bratislava's wavering is the result of political chaos in the HZDS or, on the contrary, the product of a precisely calculated attrition and delaying tactic, both can only drive the Czechs to more radical steps. Maintaining the present suspension, in which the Czech and Slovak Federation exists on paper, but in fact has already largely ceased to function, would correspond with the strategic goal of the HZDS: a Slovak state, freed of Prague's influence, whose economic, social, and military risks and costs would nevertheless be shared by the Czechs. But to the forward-urging Klaus, any impediment by the Slovaks to his reform work is a nuisance. After the denial on Monday, Klaus excluded the notion that Prague could put its own departure from the federation "on the agenda in the next few weeks." But the voices in the Czech Government coalition, which now demand action instead of reaction, are multiplying. Those who return to Prague from vacation do not believe that the mountains of dirty dishes will somehow wash themselves.

**Commentary on Concept of Slovak Visibility**

*92CH0937A Bratislava SLOBODNY PIATOK in Slovak 4 Sep 92 p 1*

[Commentary by Rastislav Toth: "Ways Toward Greater Visibility"]

[Text] Disputes about the concept of "visibility" have been going on for more than a year. Slovak politicians tried to prove to the world by various means that we do exist. All we managed with bad-mouthing and shouting was to get a spot on the pages of world mass media. The consequences stemming from the Brno negotiations between the leaders of the Movement for a Democratic Slovakia and of the Civic Democratic Party offer a new opportunity to reach that goal. Our citizens and evidently, also our politicians intend to make our existence known in the world not only to geography teachers but also to entrepreneurs and politicians. How are the governments in Bohemia and in Slovakia approaching that task?

The Slovak Government presents itself with policies that may be defined as Slovak national idealism. First and foremost, it focused on the planning of formal aspects of Slovakia's statehood: on the declaration of sovereignty and on the Constitution. There can be no doubt that those documents are essential for the existence of the state. Because the abolition of the federation by the "day-to-day" method had not been anticipated, our statesmen zeroed in on problems that are not of the highest urgency. Moreover, as we can see, the contents of the Constitution are not being unequivocally accepted by the parties represented in the parliament, which augurs for controversies (not necessary of critical dimensions).

The Meciar faction presumes that new rules of motion must be set (by the Constitution), which will also determine the quality of new attitudes toward the state environment, thus, also toward the Czech Republic. It may be said that such an approach is democratically inspired because the Constitution grants the Slovak governmental agencies specific powers, but only after the Czecho-Slovak Federation is terminated—in other words, not immediately. This is a paradox, but the Slovak Constitution cannot contradict the Czecho-Slovak Constitution and therefore, its validity is actually limited.

Czech politicians have opted for a different way to make their new state visible. We can call it Czech pragmatic politics. V. Klaus launched it when he flew to London for discussions on the very day of his installation as prime minister. Following him, other members of his government and of his party also went out into the world. A Czech was the first one to visit our neighbor, Budapest.

The aim of this particular approach to achieving a greater visibility stems from the effort to set up an essential database for information about the Czech lands, Czech priorities, and Czech prospects for politicians in the West and for their associations. On 1 January 1993, when two new states will appear on the map of Europe, world politicians will already have on the whole an accurate idea about the existence and direction of the Czech lands without even having to read the newspapers. However,

their idea about Slovakia's existence will be very limited, and moreover, considerably distorted by Prague politics over scores of years. Who, then, will be better off?

The leaders of the Czech state are currently focusing on only two issues: a continuous supply of information to the West and administrative divisions of their state. Those are their highest political priorities. If they manage to resolve the issue of the territorial division successfully, there will be no substantive controversy about the Constitution or about the economic policy of the Klaus administration. Likewise, it will considerably simplify the search for an appropriate candidate for the office of the president.

Nevertheless, the current Slovak politicians see it as an exclusive opportunity to gain visibility. Not only is J. Moravcik, the federal foreign minister, "the chief" of the Helsinki council of ministers (which includes the U.S. secretary of state), but after the resignation of Lord Carrington this Slovak politician may earn a reputation as a "coauthor" of the restoration of peace in the former Yugoslavia. For that he has several qualifications. A Slovak can better understand what is happening among the Slavic nations; we cannot gain any territorial advantages from the conflict. The areas of the new states there are comparable to ours; furthermore, he has legal education. Will he become a creative diplomat?

The conflict, for a more advantageous start, is taking on another dimension: The Czech politicians decided to "pluck the plums from the cake," in other words, to offer jobs to the Slovaks in Moravcik's ministry. Because diplomacy was shaped exclusively in Prague, Meciar's government will be several steps behind the Czechs. Will J. Moravcik let his ministry become depleted?

After the tropical heat this summer, it is obvious that a subtropical weather will follow at long last. During the hot days Czech politicians gained a very fertile field for their new statehood by establishing contacts with the International Monetary Fund, the European Community, and with the prime ministers of the superpowers in Europe and their neighboring states. Now they are beginning to concentrate on economic and constitutional issues. The apparent lag in time behind the Slovak Republic is actually a head start. It is high time for the Slovak Government to send a signal to the world in the form of expert politicians, which is what ministers should be.

Noteworthy is the fact that V. Klaus did not want to meet with V. Meciar until he could ascertain how the world politicians and economic groups felt about the abolition of the federation, and until he could arrange for a proper acceptance for the new state. Thus, he came to Brno with information, which the Slovak side was lacking. The apparent political shift by the Civic Democratic Party is a reaction to the world attitude toward the CSFR, as further confirmed by the unprecedented switch in the position of J. Dienstbier and V. Havel to the termination of the federation. Although until quite recently they both had zealously called for its preservation and used the world opinion as one of their arguments, today they "understand" that the breakup is inevitable. This is not because

they are flirting with the Civic Democratic Party, but because they have gained access to information about the standpoints of the superpowers. Evidently, there are different ways to achieve greater visibility.

**Bohemia Establishes New Rightist Party**

92CH0938A Prague LIDOVA DEMOKRACIE in Czech  
7 Sep 92 p 1

[Report by (stp): "Conservative League Formed"]

[Text] "Authorized representatives of right-wing parties, movements, and initiatives—the Republican Union, the Movement for Civic Freedom, the republican and national-democratic unions, the National Socialist Party, the Anti-Communist Alliance, the PTI [expansion not given] Union, The Club of Nonaligned Activists, the KPVC [Confederation of Czechoslovak Political Prisoners], the Town and Country Union, and representatives of emigree groups—decided to organize a new political formation whose proposed name is the Conservative League." With those words J. Studnicna (Movement for Civic Freedom) opened a press conference held yesterday in the Mars Social Hall in Prague, where she informed the journalists present about the outcome of the deliberations by the aforementioned parties.

The decision further states that the League is open to all groups in the right-wing spectrum that are pursuing identical or similar goals. This step toward the unification of rightist groups was prompted by the following circumstances: The Civic Democratic Party, the most powerful party in the parliament, lacks, according to the signatories, any interest whatsoever in forming additional coalitions with other political entities. The Civic Democratic Party

continues to participate in such negotiations (let us note that they have been going on for more than two years) as an observer and fails to take any position on prospects for integration. The KDU-CSL [Christian Democratic Union-Czechoslovak People's Party] (represented in the deliberations by J. Cuhra, a deputy of the Czech National Council) proposed mutual assistance to the newly established group.

According to the initiator of this action, namely, the Club of Nonaligned Activists, the first working session of the association of pertinent political groups, to be held already on 8 September, will deal, among other things, with specifics of cooperation between the right-wing parties prior to local elections. The meeting yesterday was a follow-up to a similar encounter three weeks ago. A LIDOVA DEMOKRACIE correspondent asked about the new group's attitude toward the current governmental coalition, to which B. Dvorak answered: "It should not be an opposition from the right, but quite to the contrary. From the beginning we have agreed that the proportional distribution of voters compels us to very intensively support the governmental coalition in its current efforts to create a prosperous Czech state. Any kind of overt opposition in that direction would be nothing but grist to the communist mill. That does not mean that we do not have any critical suggestions, but we want to inform the ruling coalition about them precisely by means of these types of meetings." The representatives of right-wing parties are convinced that the new political formation should look for closer connections with some of the existing parliamentary parties, and moreover, that it should focus on attracting new, young politicians by means of its discussion meetings in as well as outside of Prague.

**Suchocka on Coalition, Economic Prospects**  
*92EP0652A Hamburg DER SPIEGEL in German*  
*No 37, 7 Sep 92 pp 190-192*

[Interview with Prime Minister Hanna Suchocka; place and date not given: "You Have More Money Than We Do"]

[Text] *Hanna Suchocka, 46, has been Poland's first woman head of government since July. A professor of constitutional law, she supports a strictly conservative abortion law.*

[DER SPIEGEL] Following a long political crisis, scandals, and internal quarrels, you are now expected to save Poland. Why you precisely?

[Suchocka] Poland needed a new government. I was not involved in the former political controversies and was, thus, not handicapped. There was a need for new faces. And anyway, I had always been associated with the fundamental church laws and was, thus, electable in the eyes of the Catholic camp.

[DER SPIEGEL] The fact that you formed a government acted as a last-minute prevention of the committee-type leadership, which had been threatened by President Lech Walesa. A coalition of fear of Walesa?

[Suchocka] No, we are not a coalition of fear of Walesa. In this very complicated political situation, it was necessary to create a coalition of common sense. We had to prevent any further destabilization that would have irrevocably destroyed the fabric of the state.

[DER SPIEGEL] There is a Polish saying which states: "Where the devil cannot manage anymore, he sends a woman."

[Suchocka] What was likely more important—the appointment of a woman merely because she was a woman or a female politician who was not burned out like many other candidates who were previously very strongly committed to creating the coalition?

[DER SPIEGEL] You now head a coalition made up of parties with totally differing goals in foreign policy and economic policy which do not even command a simple majority in the Sejm. How long can this alliance last?

[Suchocka] There are chances for finding common solutions, otherwise I would not have taken the job. In the party program of our Christian National partner, there are certain aspects, particularly those in economic policy, which are formulated in extremes, for ideological reasons. In practice, compromises must be found. An example: The Christian Nationalists are opposed to Poland's membership in the EC; yet, in the coalition negotiations, they have never insisted on this point.

[DER SPIEGEL] In other words, you do not see yourself merely as a transitional solution?

[Suchocka] No. I must start with the assumption that there is a lasting understanding. Sometimes, mighty governments fall very rapidly in the long run, sometimes fragile coalitions last surprisingly long.

[DER SPIEGEL] Your predecessor, Jan Olszewski, broke with Lech Walesa as a result of his jurisdictional conflicts. How is your cooperation with the president who likes to intervene in everyday questions?

[Suchocka] Relationships between the president and the government must not be burdened by constant conflicts; I am clear on that. My relationship with Walesa is—and I say so honestly—very good. I have invited him to participate in cabinet meetings and the president frequently invites me to visit the Belvedere. We agree on many ideas.

[DER SPIEGEL] Nevertheless, you were not his candidate of choice.

[Suchocka] He did have another candidate before me....

[DER SPIEGEL] ...the farm leader Waldemar Pawlak...

[Suchocka] ...who was unable to cobble together any coalition. I understood Walesa's resistance perfectly. After all, one cannot expect that the president would change his candidates as he changes a shirt.

[DER SPIEGEL] The workers are dissatisfied with the political leadership which comes out of Solidarity, and are now showing it with a wave of strikes. What did the Solidarity leadership do wrong?

[Suchocka] In the 1980's, the trade union had to be supported by the workers in the large state enterprises in order to bring about political change. After the turnaround, the workers wanted to utilize the advantages of the new system and, at the same time, wanted to keep the old system....

[DER SPIEGEL] That is, guaranteed jobs....

[Suchocka] ...although this was not realizable on the way to a market economy. They felt that they had been betrayed by Solidarity. We neglected to make the people aware that the costs of the transition from communism to capitalism would be enormous. We are now experiencing the frustrations that are attributable to the scattered hopes, about which it was known that they could never be realized in this form.

[DER SPIEGEL] Yet, the parties have heated up these illusions.

[Suchocka] Yes. In every election campaign, there are populist tones, but in Poland they were exaggerated. My party, the Democratic Union, wanted to rectify the overly convoluted hopes. The result was a loss of votes. The need for simple solutions and slogans continues to be great in this country now as before.

[DER SPIEGEL] How do you intend to prevent will-o'-the-wisps and salvationists from winning votes in the next elections?

[Suchocka] The government must speak honestly with the people, even when experience teaches us that, hitherto, all honest politicians have lost during the elections. I hope that the citizens can tell the difference in the future between honesty and populism.

[DER SPIEGEL] There is the threat of massive unemployment. Are you going to stick with the anti-inflationary policy with its social hardships or are you steering an antirecession course, which you actually cannot afford?

[Suchocka] That is precisely our dilemma. We are steering a course between Scylla and Charybdis. We must get through somehow. No one can promise a rapid dismantling of unemployment in this situation. The trade unions are demanding that we restructure the enterprises, they understand this to mean a return to full employment in unproductive enterprises. But that is not possible. If we want to achieve profitable production, if we want to achieve a market economy, then we must accept unemployment along the way.

[DER SPIEGEL] How do you intend to help the economy recover?

[Suchocka] For example, we have finally passed our projects to privatize around 600 of our large industrial enterprises. However, this will not solve the unemployment problem; in the future, there will be great social tensions. You have the same problem with regard to eastern Germany, only you have more money than we do.

[DER SPIEGEL] Are you able to finance your reform policies at all?

[Suchocka] In order to halt the deficit, we could reduce spending. But that has its limitations. Those who are socially weak rightfully demand more support.

[DER SPIEGEL] You could print more money, that would mean still more inflation, which is currently running at 22 percent.

[Suchocka] We have restricted our 1992 budget deficit to 5 percent of the gross domestic product. However, I am afraid that we might not be able to maintain that level.

[DER SPIEGEL] Then the IMF will close off the urgently needed credits.

[Suchocka] I am hoping that the IMF will prove to be insightful.

[DER SPIEGEL] Many Western investors, particularly German investors, are hesitating with respect to placing their money in Poland. How do you intend to entice entrepreneurs.

[Suchocka] German industry considers any business with Poland to be a big risk. This is less a matter of economic difficulties than a matter of political instability over the past few months. I want to attempt to polish up our bad image.

[DER SPIEGEL] The strikes do not exactly make your task easier.

[Suchocka] We must attempt to mobilize the silent majority against the strikes because they can do us all harm in this difficult phase of society.

[DER SPIEGEL] Whether investors come in depends on the laws. The purchase of land by foreigners, for example, is being handled very restrictively.

[Suchocka] Our investment incentives are not any worse than those of other countries. There is the opportunity to buy land. There is only a shortage of offers. Because we have the reputation of a high-risk country in Germany, investors are forced to pay very high premiums for Hermes insurance in order to protect their business transactions. We believe that even that deters Germans from investing money in our country. We are currently attempting, in talks with Bonn, to have the Hermes premiums lowered.

[DER SPIEGEL] Your coalition partner and the trade unions, however, do not desire any foreign capital. They are afraid of Poland's being sold off at bargain prices.

[Suchocka] I hope that that is sheer ideology.

[DER SPIEGEL] Your deputy prime minister, Henryk Goryszewski, warns against a "European Community of the German Nation." Do you share his fear of a German superpower in Europe?

[Suchocka] No. Within the Community, there are mechanisms which can prevent such predominance. Goryszewski made that statement as a party official and not in his capacity as deputy prime minister.

[DER SPIEGEL] Ms. Suchocka, you have only men surrounding you in the cabinet. Did you not want to have a fellow female in the government?

[Suchocka] Oh, yes. We have many competent women. I attempted, during the coalition negotiations, to assert the role of women. Yet the individual parties proposed only men. They were probably afraid of the women.

#### Arguments Against Lustration of Military Given 92EP0655A Warsaw POLSKA ZBROJNA in Polish 4-6 Sep 92 p 3

[Article by Tadeusz Mitek: "An Army Without Commanders?"]

[Text] The formal and automatic application of the Senate lustration law to the Armed Forces would result in the immediate discharge of the following from the army: 432 servicemen in generals' billets, 6,987 servicemen in colonels' billets, and 26 servicemen who are military attaches.

It would actually amount to discharging virtually the entire professional military leadership of the Ministry of National Defense.

Apprehensions voiced by the military community and the leadership of the Ministry of National Defense with regard to the proposed statutory lustration operations are received with skepticism in some circles of public opinion leaders. Arguments to the effect that lustration could bring about decimating the cadres in the army and the entire defense system are considered unfounded. Conjectures also come up to the effect that this is about the communized military monolith defending its positions and privileges and throwing up an obstacle to reform.

The political context of such conjectures should be up to their authors. They voice their opinions in keeping with the political options to which they subscribe. Instead, let us

outline objective facts and conditions, indicating the consequences which a lustration proposed with regard to the army may entail.

#### **The "Armed Branch"**

The first fact is found in a provision of the Senate draft "Law on Preliminary Conditions for the Holding of Certain Positions in the Republic of Poland," which envisages that individuals will not be able to hold positions in the Republic of Poland Armed Forces at colonels' billets and up, as well as the positions of military attaches, who, among other things, were secretaries or members of party authorities from the gmina level and up, were political functionaries of these echelons, or professional servicemen with the GZIW [Main Military Information Directorate], Department II of the Polish Armed Forces General Staff, or the WSW [Internal Military Service].

The second fact is the historical actuality and the political and systemic reality of the operation of the army within the system of a totalitarian state and within its own service structures. Within this system, a particular, institutional and informal, relationship existed between the PZPR [Polish United Workers Party] and the army, which was officially defined as the "armed branch" of the former. This relationship created service, cadre, and personal situations that implicated all who wore a uniform, whether they liked it or not.

The numbers show this most graphically. As of the beginning of 1989, the "party affiliation" of the cadres was as follows:

—Officers: 92 percent

—Warrant officers: 66 percent

—Professional non-commissioned officers: 40 percent

Party affiliation by position was as follows:

—Division and regiment commanders: 100 percent

—Battalion commanders: 100 percent

—Company commanders and platoon leaders: 80 percent

The party had its own structure in the army, which consisted of seven party committees at the level of military districts and armed services, about 70 committees at the level of tactical units, 290 committees at the regimental level, and about 5,000 committees of primary party organizations.

There were about 490 full-time party positions in the Armed Forces. However, as far as elected and part-time party members who held positions of authority are concerned, we may accept that, from the statistical point of view, each party member who was a career serviceman held, at least formally, a position of authority for a period of time of from eight to 10 years—taking into account the fact that elections were held once every two years, and at least 50 percent of the members who held positions of authority were to be replaced.

Let us add to this that, in keeping with the policy of the authorities at the time, representatives of the army were

also delegated (this is how it actually worked) to the executive bodies of civilian PZPR [Polish United Workers Party] committees at various levels, according to a certain "list"—from the Central Committee and on down to voivodship and gmina committees. As a rule, these were commanding officers of military units and establishments located in a given jurisdiction. This peculiar promotion in the party was associated with the official position held.

The cadre evaluations that have been made suggest that the Senate law applies to about 70 percent of career military men currently in service who held positions of authority in the party. Almost 100 percent of individuals in colonel's billets and up were such, and in the command element, almost all commanders of units from the regiment up. These rules had little tolerance for exceptions.

#### **Bandmasters, Printers...**

The cadres which were once counted as members of the party-political corps are a separate problem. In keeping with the law, they should, from the formal point of view, be put in the group of party political functionaries to whom restrictions imposed by lustration apply.

Before the political corps of personnel was disbanded, it was 7,839 strong, of which 5,702 were officers, 603 were warrant officers, and 1,534 were professional noncommissioned officers. In addition to full-time party secretaries, instructors, and deputy commanders for political issues at all levels, the corps also included, among others, functionaries of youth organizations, chiefs of clubs, instructors of all humanities subjects at all military schools, librarians, musicians of military bands, cameramen, printers, officers in charge of cultural and educational supplies, employees of education and military publishing houses, and, yes, journalists in the military press.

The number of officer positions in the educational service which was established was greatly reduced—from 5,702 to 2,192. The nature and objectives of this service, which no longer plays an ideological and indoctrination role, has changed fundamentally in a depolitized and "departyized" army. Ranking party functionaries, who once headed the political element of the army, left the Armed Forces. However, officers in the units, the cadres of military instructors of humanities, bandmasters, and printers remained....

Will they be allowed to serve and work in the army, or is collective and wholesale expulsion planned with regard to them, after all?

It is hard to say in what manner the concept of the decommunization law would be implemented with regard to commanders who, by virtue of their official duties and relevant instructions, were made responsible for political and indoctrination efforts in the units they commanded.

Relevant wordings referred to the "duty to determine avenues" for such efforts which devolved on the commanders and the "service and party accountability for the moral and political condition," as well as "the ideological

identity" of their subordinates. Inspections kept them accountable for this, evaluated, and made cadre adjustments.

Anybody who knows the Armed Forces knows that these wordings were an integral part of the official language at the time; they sounded ritualistic rather than realistic. In practice, commanders had concerns other than the "ideological identity" of their subordinates. However, there are reasons to believe that the lustration law is being promoted with disregard for the criteria of practical realism.

#### The Landscape After a Purge

As suggested by the facts and numbers given above, the formal and automatic application of the Senate lustration law in the Armed Forces would mean not only the elimination of the entire educational element, but also the departure from the army of almost 100 percent of the officers in the command element, from the positions of regimental commanders and on up. The military police and the current military information services would actually be eliminated because the cadres that serve in them come almost in their entirety from Department II of the Polish Armed Forces General Staff and the WSW.

For several years to come, there would be tremendous difficulties with filling positions vacated through lustration because, with minor exceptions, new candidates for generals and colonels would likewise be subject to the guillotine of the law. Chairs of humanities at military schools and all institutions of the Armed Forces which are associated with humanities, education, and culture would lose the cadre potential with which to operate.

This pared-down "healthy core" of the army remaining after the lustration purge would be deprived of commanders who have gained experience at a sequence of levels in the services, of educational officers who have practical and theoretical training, and of the entire cadre support for education and culture. In addition, this would be an army lacking a professional military police. Besides, this army would have virtually no services such as military intelligence and counterintelligence, which are markedly professional in nature.

Therefore, the question shall remain rhetorical about whether our state would have, in this case, its own military potential that would guarantee that the necessary minimum of defense needs is met, given that even now opportunities to ensure this minimum are being discussed with some concern.

#### Who Would Evaluate Whom?

Of course, lustration in the army should not proceed in a way that is formal or operate in a blindly automatic manner. Voices are heard to the effect that this would rather be about verification, or a review of the cadres. However, the problem of criteria, motives, and competence in the course of verification surfaces again.

How can one make decisions on the degree of honesty, loyalty, and the authenticity of changes which the people are undergoing? After all, they acted, and still act within structures and arrangements in which orders are given, in

which personal availability and official subordination have always been criteria for evaluations and promotions.

Who would evaluate whom? Is this to proceed within the command system or, perhaps, within social arrangements? It is easy to foresee the moral harm that would be inflicted on the army by attempts to prove loyalty in terms of past activities, by denial, and by the temptation to ingratiate oneself, which individual verification of the cadres would result in.

This is about both the personal dimension—individual attitudes of people, and the general dimension—pertaining to the armed forces as a whole and their perception by society.

Regardless of the name, lustration, decommunization, or verification amounts to questioning the loyalty of, and displaying a lack of confidence in, the cadres of the Polish Armed Forces. They are attempting to do this at a time when all surveys show that our society's highest degree of confidence is in the army, and now that the army has repeatedly given proof of its support for changes underway in the country and for its desire to be considered the national army. There is absolutely no reason to consider the Polish Armed Forces at present to be agents of a system that is now history.

As a result of systemic and organizational changes, thousands of career servicemen have left the Armed Forces so far (some have left against their will, perceiving a discharge from the service as being personally wronged). Those who stayed did so consciously, fully accepting the changing circumstances of their service. They are asking what the formal verification of their official loyalty would accomplish.

Attempts at decommunization made in Czechoslovakia and Hungary produced lamentable results for their armed forces, and not only in the sphere of discipline and morale. This is why such attempts were quickly abandoned there. After all, there is no historical precedent for a state, even in the course of the most far-reaching political changes, to assert its intention to discharge from the service professionals as highly specialized as career servicemen.

In the Polish Armed Forces, which were reborn after World War I, a tremendous majority of career officers came from the cadres previously serving in foreign armies, mainly the Austrian and the Russian. Nobody questioned their patriotism or loyalty to an independent Polish state, to serve which they came from the armies of the recent occupying states. This was historically a completely different situation, but it does exemplify a certain way of statesmanlike thinking.

#### The Army Is Changing Already

The arguments against lustration plans, which have been adduced here, do not amount to an objection against justified and necessary cadre changes in the army.

After all, such changes have already been underway for a while. They have affected high command positions most extensively. Very soon, as few as 35 generals will remain on

active duty (at present, there are 85 generals), which, whatever the comparison, will be an outstanding case of moderation on a world scale.

A pronounced reduction of the number of colonels' billets will be the result of the further restructuring plans of the leadership of the ministry. In keeping with cadre regulations, this will cause the discharge to the reserves of almost the entire generation of senior officers. This would amount to the spontaneous lustration of service positions, except that it will be carried out intelligently, based on the criteria of professional qualifications and approach, and on personality and moral predisposition to performing certain functions in the new type of army that is being reorganized with a view to the coming decades.

It is a complex process to renew the cadre structures of the army in such a way as to preserve the principle of competence at successive command levels. It calls for rational, long-term actions, and it takes time. The disruption of this process by a sudden verification, based on nonprofessional criteria, could actually become a surprising act of disarming ourselves by means of the actual elimination of army cadres for quite a number of years.

Can we afford this at a time which, in our part of Europe, can hardly be defined as an era of political, economic, and military stabilization, when the passions of fighting and conflicts of national interests are flaring up nearby?

#### **Overview of Bankruptcy, Types of Firms Profiled**

*92EP0632A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 14-16 Aug 92 p V*

[Article by Tomasz Janowski: "Bankruptcy Polish Style"]

[Text] In the countries in which the market system has not been in hibernation for half a century, data on the number of bankrupt companies are a major economic indicator. Published once a month, along with the prime interest rate, the inflation rate, and unemployment, these data serve to evaluate the business cycle and the condition of the economy.

In Poland regular reports on the condition of enterprises are still a matter of the future. For decades such data were not tracked, because there was nothing to track: Only a few cooperatives and relics of the private sector, somewhere on the margin of the economy, used to go bankrupt.

But while at present no one is surprised by newspaper announcements from receivers and liquidators of bankrupt companies, no one yet can answer the question of how many companies went bankrupt in July. Above all, the more than 1.4 million companies registered with the merchandising and services departments of local governments have so far evaded classification. Their proprietors are obligated to report their liquidation, but there exist no data that would serve to estimate how many of them go bankrupt.

However, the data that are available clearly indicate that the number of bankruptcies is rising (see Box). Relatively the most complete data are those of the Ministry of Justice, which keeps a record of bankruptcy proceedings and

verdicts of bankruptcy imposed by economic courts. This record indicates that during the first half of this year more companies became bankrupt than in the entire previous year. In its turn, in 1990 the number of bankruptcies was tenfold that in 1990.

#### **Wheeler and Dealers and Hard Luck Cases**

Just what kinds of companies go under? There are no detailed analyses. It is easier to tell who is not allowed to go bankrupt. The bankruptcy law forbids declarations of bankruptcy by, among others, persons who do not engage in economic activities requiring registration. Others not allowed to go bankrupt are gminas, gmina associations, certain state enterprises (for example, Polish State Railroads and State Forests) and certain state organizational units and institutions called into life by law (for example, the National Bank of Poland and state-run educational institutions).

Estimates by judges indicate that two categories prevail among private firms which go bankrupt: The first is those who overestimated their resources and made glaring mistakes. Tadeusz Zochowski, a former judge-commissioner and chairman of one of the departments of the Warsaw Economic Court, said that many companies got duped in their transactions with foreign partners: "The company took out a loan to buy merchandise and sent the money to the West but received no merchandise, because its foreign partner proved to be bogus."

The other group consists of those whom it simply pays to go bankrupt. Owing to under-the-table deals and/or inexperience, some companies received credit in the billions without providing collateral. The money thus received was embezzled or leaked to allied companies, and after bankruptcy was declared it turned out that the company had no assets at all and no funds with which to pay its creditors. Nowadays, although banks are by now more cautious and less easy to trick, the possibilities for abuse still exist. At the same time, there are no laws prescribing criminal accountability for frivolous and deliberate bankruptcy, such as had existed before the war.

The bankruptcies of cooperatives are different. They usually have some assets, real estate, inventories. They go bankrupt when they cannot withstand the competition or cope with free-market conditions.

#### **Small and Without a Future**

Bankruptcies of nonstate firms that ceased to pay their debts are decided upon by economic courts. As for state firms in financial trouble, these have an additional way out: Their liquidation pursuant to Article 19 of the Law of 25 September 1981 on State Enterprises is not a bankruptcy. Instead of a court, it is the parent agency that oversees such liquidation. Unlike bankruptcy, liquidation does not "freeze" the claims on the enterprise, which has to keep on paying interest-rate penalties.

In practice, the abovementioned Article 19 is the most widespread method of liquidating money-losing enterprises. According to the figures of the Ministry of Privatization, which decides on the requests of parent agencies for

such liquidations, it is the small enterprises employing up to 200 persons that in this way most often go on the auction block.

According to Director Jacek Bukowski at the Ministry of Privatization, who is in charge of the privatization of small and medium enterprises, those most often liquidated are the companies that, in addition to their current problems, have limited opportunities for longterm survival. "Most of them are...suppliers of the former so-called key heavy industry, which have forfeited the reason for their existence. This also applies to the companies producing for the Eastern market," said Director Bukowski. "This is happening for example to the POM's [State Machine and Tractor Stations]. Services to agriculture were marginal to their operations, as they lived chiefly off shipments to the industrial giants."

In theory, liquidation on the basis of the 1981 Law on State Enterprises should be smoother than bankruptcy proceedings. In practice, this procedure becomes protracted, because it is difficult to find buyers of state assets. Yet with each day a company draws nearer to bankruptcy. That is because, once it is liquidated, an enterprise ceases to earn money but its debt keeps growing. If that debt begins to exceed the company's assets, the liquidator is obligated to file for bankruptcy in a court. Of the 80 companies liquidated by the Ministry of Industry and Trade, five have already encountered this fate.

#### Too Many or Too Few?

Have we enough money-losing enterprises, or are they still too few if we consider the condition of the Polish economy? Even solely on the basis of statistical data, this question can be answered in diametrically opposite ways. Given the current rate of liquidations, by year end more than 1,000 companies should go under and be liquidated on the basis of Article 19. Compared with the number of the state, private, and cooperative firms registered in economic courts (nearly 70,000) that is few, less than 1.5 percent.

But the picture looks quite different for state enterprises alone. As of 30 June 1992, more than 9 percent of state firms were in liquidation status (not counting those declaring bankruptcy). In Przemysl Voivodship this indicator exceeded 20 percent, and in several other voivodships it came close to that level. Paradoxical as it may seem, the most efficient way of achieving the greatly desired goal of privatization is by means of liquidation, especially that of the weakest and small enterprises.

It can be said that this is too little anyhow. According to estimates of the National Bank of Poland, by now more than 4,000 state enterprises (more than one-half of their total number) are delinquent on their loans and formally qualify as bankrupt. As recently as at the end of last year, debatable, dubious, delinquent, and difficult loans at a dozen or so selected banks exceeded altogether 20 trillion zlotys [Z] according to GAZETA BANKOWA of 10 August. The universality and scale of this phenomenon are such that a holistic approach to disarming this gigantic

credit time bomb is being considered rather than having individual enterprises go bankrupt.

Director Bukowski said that by now there are too many liquidated enterprises, and the supply of liquidated assets is too big. "This concerns not only nonmanufacturing assets, such as resort homes, social service facilities, etc., but also manufacturing facilities that no one wants to buy, and this protracts the process of liquidation and makes it impossible to fully satisfy the claims of creditors."

Director Bukowski also said that the parent agencies opt for liquidation precipitately without exploring other solutions such as resorting to a board of receivers or trying to sell an enterprise as a whole together with the liens thereon. According to Tadeusz Zochowski, on the other hand, most rescue measures are some half a year too late. "When arbitration is needed, a board of receivers is proposed instead; when bankruptcy is advisable, liquidation is commenced; and when no assets are left any more, bankruptcy is declared."

#### Winners and Losers

Obviously, it is receivers and liquidators who make money off bankruptcies and liquidations. Likewise, to other actors in this drama the bankruptcy of a company is not always a disaster. Company owners who profit from bankruptcies have already been mentioned. At state companies, too, liquidation provides an occasion to feather one's own nest. Director Bukowski said that at times the management of a state plant deliberately tries to bring about its liquidation, "for example, in order to sell off advantageously the plant's assets to selected individuals and leave the plant itself stuck with its encumbrances.... We have encountered situations in which, immediately after the liquidation, a company leased the firm's assets at reduced rates from the liquidator."

The only ones who are doomed to lose out are those for whose protection the institution of bankruptcy was established—the creditors.

When companies go bankrupt, it often turns out that they have no fixed assets at all. Many proceedings get quashed because in their course it turns out that their cost exceeds the value of the bankrupt company's remaining assets. State companies, on the other hand, often have substantial assets in terms of their bookkeeping value, but find no buyers. An added problem is the complicated status of ownership or relatively unattractive siting. The chances for the sale of an enterprise as a whole rather than in part, as recommended by the bankruptcy law, often exist purely in theory. The slowness of the proceedings affects adversely the chances of creditors. According to the data of the Ministry of Justice, proceedings last on the average 5.6 months (about 170 days). Not infrequently, however, liquidation may take a year and even longer. A contributing factor is the poor preparation of courts for handling business cases, the lack of a sufficient number of experts, the inadequate and greatly tardy accounting departments of the companies, and lastly, the problems with selling off assets. As time passes, costs rise, thus reducing to a minimum the chances of creditors to be paid at all. In

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particular, banks and commercial partners lack interest in having their debtors go bankrupt, unlike the privileged creditors such as tax offices, the ZUS [Social Insurance Administration], and the company's employees, who by law are entitled to recover everything or to share among themselves whatever is left of the bankrupt company's assets before any other creditors.

It is not surprising that about 80 percent of bankruptcy filings originate from the debtors themselves, who thus seek to protect themselves against further increases in their debts. Stronger creditors prefer to settle out of court with their debtors, while weaker creditors have no choice but to debit the loss to their operating expenses.

Tadeusz Zochowski bluntly declared that, for the time being, given the conditions in this country, it has to be accepted that getting debtors to pay up is a secondary issue.

He believes that at present the most important purpose of bankruptcy is to assure a better utilization of the assets immobilized in inefficient enterprises. "It is not true that all that is left of a bankrupt enterprise is a black hole. There are left the factory premises, the machinery, and private entrepreneurs appear who know how to better utilize these assets and new jobs are created, whereas if that bloodied company continues to struggle on, everyone is a loser. And the bankruptcy law will become just as effective as before the war once conditions approximating the prewar ones arise—a relatively stable market economy, efficient and well-trained enforcement agencies, court verdicts pronounced by judges with experience in commercial law, chambers of industry and commerce that have regained their former prestige, and finally, once the broad public becomes familiar with what the regulations of 1934 referred to in old-fashioned language as 'good merchant customs,' which was not retained in the postwar amendments to the Commercial Law Code."

#### The First After God

When last year bankruptcy cases began to become a permanent element of court agendas, there had been no legal problems, as it sufficed to dust off the little-used but still binding prewar bankruptcy law.

But the human element was a problem: the judges-commissioners handling these cases had to learn about the operating rules of the market economy nearly from the scratch. And there were no receivers or trustees: The existing regulations said nothing about their qualifications, stating merely that they should be "honest and trustworthy" individuals. In practice, the requirements for receivers are very high: A receiver takes over the assets of a company about to be liquidated, manages them, and handles the liquidation; the smoothness and effectiveness of the liquidation proceedings hinge largely on him. Thus it should be someone well grounded in civil law procedure and in commercial and management problems.

Yet an expert receiver or liquidator was as hard to find as a cooper. The demand dramatically exceeded the supply.

Nowadays, at least in the larger cities, there is no dearth of receivers. The laws of the marketplace have begun to operate. Various organizations and companies began to organize training and courses. In Wroclaw was formed the Association of Receivers, Liquidators, and Trustees, which nowadays has some 200 members nationwide. One hundred and twenty persons were graduated from courses organized by the Center for Privatization at the International Foundation for the Development of the Capital Market and Privatization of the Republic of Poland. Receiver training is also provided by the Polish Bar Association. Similarly, courses for receivers and liquidators are being offered by consulting companies. Of course, not all these courses are the same. The Center for Privatization offers a three-week course (170 hours) for Z13.5 million, but courses lasting only a few days are available for several million zlotys. Elzbieta Muszynska of the Center for Privatization said that students at these courses are recruited chiefly among lawyers, legal advisers, and economists. So far there is no shortage of people willing to administer bankruptcy assets, even though not everyone likes the remuneration offered. An executive order of the minister of justice states that a receiver may be paid for administering a bankruptcy case three to 20 times the average national wage. His specific pay will be decided by a court of law. The present maximum rate is Z50 million, which is a lot, but if the liquidation takes a year or longer, it ceases to be that attractive.

For the time being the value of receivers is tested by practice. The courts, according to Tadeusz Zochowski, have their own private ranking lists, and a normal labor market, so to speak, is by now being established.

#### [Box, p V]

#### Bankruptcies: Who and Where, According to Economic Courts

In 1990 economic courts received 149 requests for bankruptcy, of which 59 were settled, with bankruptcy declared in 28 cases.

In 1991 the economic courts received 1,250 requests for declaring bankruptcy, of which 656 were settled, 166 rejected, and 297 approved.

In the first half of 1992, 1,387 requests were filed (in 131 cases they concerned companies whose parent agencies were the voivodes); 797 were settled, and of this total 329 bankruptcies were approved (including three bankruptcies of state firms under the jurisdiction of the ministries of Agriculture, Transportation, and Industry and Trade, and about 80 bankruptcies of enterprises whose parent agencies were the voivodes).

On 30 June 1992 1,304 bankruptcy filings awaited settling.

In the first six months of this year, most bankruptcies were filed with courts in the voivodships of Warsaw (156), Gdansk (135), Poznan (80), and Lodz (78).

Declarations of official bankruptcy were approved most often for enterprises in the voivodships of Szczecin (22), Lodz (20), and Poznan (17).

During the same period the duration of bankruptcy proceedings, from the day of filing until the day of the liquidation of remaining assets, averaged 5.6 months (170 days).

**Number of Enterprises Deleted from Registry  
(Without Stated Rationale)**

1991		1992 (until June)	
State enterprises	760	State enterprises	638
Private companies	599	Private companies	488
<b>Breakdown of Private Companies</b>			
Corporations	520	Corporations	391
General partnerships	22	General partnerships	23
Joint stock companies	21	Joint stock companies	18
Companies with foreign capital participation	25	Companies with foreign capital participation	51

**State Enterprises Liquidated Under Article 19 of  
State Enterprises Law**

	1991	1992 (until 30 June)
Total	534	707
<b>Breakdown by size</b>		
Small enterprises (up to 200 employees)	371	510
Medium enterprises (200-500 employees)	99	127
Large enterprises (more than 500 employees)	64	70
<b>Breakdown by subsector (percentage is of total number of state enterprises)</b>		
	1991	30 June 1992
Total	534 (6.5%)	707 (9.1%)
Industry	170 (5.6%)	223 (8.0%)
Construction	86 (6.3%)	126 (10.0%)
Agriculture	154 (8.4%)	197 (9.5%)
Transportation	51 (9.6%)	68 (11.5%)
Trade	47 (7.7%)	61 (10.8%)
Communications	0	0
Forestry	1 (2.0%)	1 (3.2%)
Others	25 (3.0%)	31 (7.4%)

The voivodships with the highest surge of liquidations were those of: Przemysl (23 percent of the total number of state enterprises in that voivodship), Ciechanow (18.8 percent), Olsztyn (18.3 percent), Czestochowa (18.0 percent), and Gorzow (17.8 percent). In the following voivodships state firms are defending themselves best against liquidation: Sieradz (one company in liquidation

out of 55, that is, 1.4 percent), Szczecin (eight out of 282 enterprises, or 2.9 percent), Wroclaw (4.2 percent), and Poznan (4.3 percent).

In absolute figures, the largest numbers of state enterprises are being liquidated in the voivodships of: Warsaw (38), Lodz (32), Olsztyn (42), and Walbrzych (27).

Prepared on the basis of data provided by the Ministry of Justice and the Ministry of Privatization.

**Economic Performance of Private Sector Profiled  
92EP0630A Warsaw RZECZPOSPOLITA (ECONOMY  
AND LAW supplement) in Polish 7 Aug 92 p III**

[Article by Ada Kostrz-Kostecka: "The Private Sector: Trade and Services Up, Output Down"]

[Text] The dynamism of the private sector is, according to the CUP [Central Planning Office], a major reason for optimism, that is, for the belief that the forecast of the so-called zero growth in GDP will prove true. That dynamism is to be reflected in both its growing share in overall output and the increase in the number of newly established enterprises. On the other hand, privatization is not progressing as well, because its pace has slowed down.

In the first half of this year, the number of private enterprises has increased in every domain of the national economy with the exception of manufacturing. According to GUS [Main Statistical Administration] data, that number has increased by 7 percent during that period, that is, not as much as during the second half of 1991 when that increase amounted to 12 percent.

A total of 6,577 new companies funded with domestic capital was established in the private sector; that is, their number increased by 13.8 percent. The new capitalists are, as before, focusing on merchandising: 36 percent of the new companies were established for commercial purposes, and only 19 percent each for manufacturing and construction.

In mid-1992 there already existed 54,267 companies funded with domestic capital, of which 18,700 were engaging in commerce; 16,300 in transportation; 10,300 in manufacturing and 10,300 in construction. As these figures show, interest in commercial operations among the new managers was greater than among the long-established businessmen, and interest in transportation operations declined markedly. Industry and construction attracted the same interest among the new entrepreneurs in the first half of the year as among the long-established ones.

The number of companies with the participation of foreign capital has been growing more rapidly: At the end of the first half of 1992 it already reached 7,648, that is, it increased by nearly 60 percent compared with the end of 1991. Still, that number increased this year at a slower rate than in the second half of last year, when it had grown by 69 percent. At the same time, during the first half of this year, the number of newly established small foreign manufacturing companies decreased by 6.3 percent.

Among the 2,852 newly established joint ventures, commercial companies predominated, as in the case of domestic ones: their number increased by 1,237, that is, by 106.8 percent, which means that in six months it has doubled. New Polish-foreign companies also are often established in the construction sector (in that sector their number increased by 245, or by 76.8 percent) On the other hand, the number of joint ventures in manufacturing, transportation, and agriculture increased by only one-third.

As can be seen, the activities of the new companies are chiefly focused on commercial operations rather than on manufacturing new products.

At the end of June more than 1.5 million enterprises were active in the private sector. To be exact, by then their number rose to 1,523,400, that is, by 103,000 (7.3 percent). New entrepreneurs most often (40 percent) focused on services. The number of food service establishments increased by about 20 percent, and material service establishments, by 10 percent. In transport and construction the number of new enterprises was up by slightly more than 7 percent. There was little interest in commerce (the number of new enterprises increased by 3.7 percent), while in manufacturing the number of enterprises actually declined by 1.7 percent.

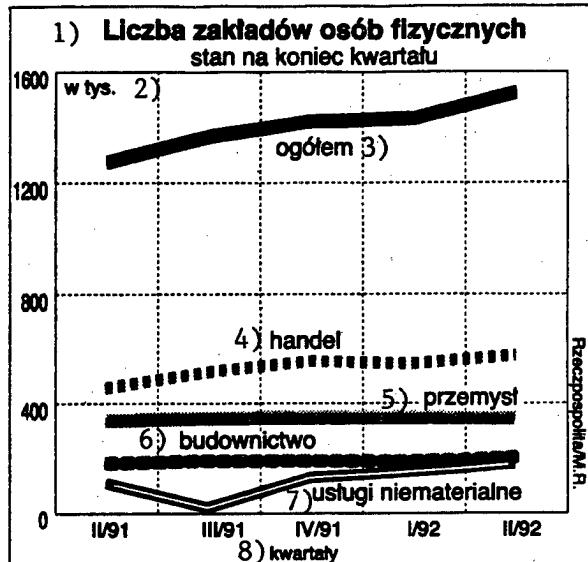
The formation of the new part of the private sector is progressing more slowly than could be expected, but even so, compared with the first half of the year, according to CUP estimates, the output of private industry, reckoned in constant prices, increased by 25 percent. Reckoned in current prices, the share of the private sector in overall industrial output grew to about 27 percent. In construction the private sector already accounts for 75 percent of repair and construction services, that is, 34 percent more than a year ago.

By the end of June the private sector as a whole already accounted for more than 41 percent of national employment, not counting private farms, which undoubtedly points to the ongoing changes in the economy.

However, the share of privatized—that is, formerly state-owned—companies in this sector is still too small, allowing that in terms of average employment per plant, the privatized plants are larger than newly established private plants.

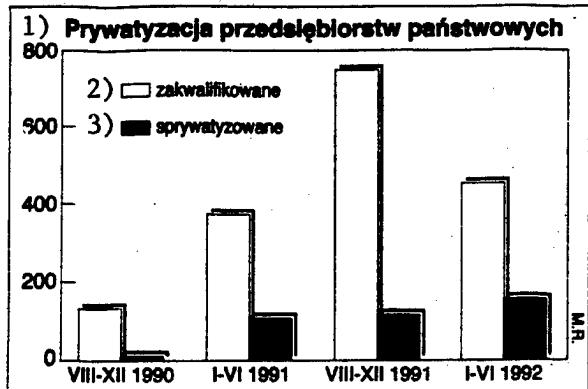
The progress of privatization during the first six months of this year has been particularly slow as regards the so-called capital path, or capital-based privatization: Only seven one-person Treasury companies could be thus privatized. A total of 155 state enterprises (including 114 listed in the mass privatization program) has been converted to one-person Treasury companies prior to their scheduled privatization. During the period between January and the end of June 1992, 143 enterprises began to be put under receivership on the basis of the Privatization Law and 186 on the basis of the Law on State Enterprises, that is, as money-losing enterprises condemned to bankruptcy. Most often (in more than 50 percent of cases) they were small

enterprises employing up to 200 persons each. The enterprises converted for purposes of privatization also most often included small units, but they also included almost as many larger enterprises employing 200 to 500 persons each.



Key:

1. Number of private companies as of the end of quarterly period
2. In thousands
3. Total
4. Trade
5. Industry
6. Construction
7. Nonmaterial services
8. Quarterly period



Key:

1. Privatization of state enterprises
2. Qualified
3. Privatized

**Oil Refineries, Distribution To Be Demonopolized**  
*92EP0628A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 12 Aug 92 p III*

[Article by Anna Wielopolska: "Gasoline Without a Monopoly: Restructuring the Central Petroleum Agency"]

[Text] The program for restructuring the fuel industry adopted by the Economic Committee of the Council of Ministers does not lead to the liquidation of the Petroleum Products Center. The program developed by the Ministry of Industry and Trade is to prepare the entire industry for privatization.

In order to begin the division and transformation, the agreement of the Council of Ministers is also necessary.

The petroleum sector consists at present of seven groups of enterprises:

1. The Petroleum Products Center, a multiplant state enterprise of public benefit. It consists of, among other things, plants on full internal accounting, i.e., the Directorate for the Exploitation of Tank Trucks and the Directorate for Building and Construction. The Center includes 17 district directorates which manage the gasoline stations (about 1,350) and the storage facilities.
2. The Mazowiecki Refinery and Petrochemical Plants, the so-called Plock refinery, a state enterprise.
3. The Gdansk Refinery, which has already gone through the commercialization process and is now a single-person stock company of the state treasury.
4. The southern refinery or the five state enterprises (oil refineries, Jedlicze, Gorlice and Trzebinia, and the refinery plants in Czechowice and Jaslo).
5. The Enterprise for the Exploitation of Oil Pipelines "Friendship," a state enterprise.
6. Naftoport, a limited liability partnership whose partners are the Deep Sea Trade Port, the Plock and Gdansk refineries, the Enterprise for the Exploitation of Oil Pipelines, the Petroleum Products Center, and the Import-Export Center for Chemicals and Chemical Equipment.
7. The Import-Export Center for Chemicals and Chemical Equipment, a limited liability partnership whose partners are the refinery and chemical enterprises and the state treasury (represented by the Ministry of Foreign Economic Cooperation).

Further, there are private wholesale enterprises and private retail stations (about 2,500) operating in the industry.

The entire industry is generally considered unprofitable and its situation constitutes a threat for the stability of supplies of fuels and oil-derivative products. In 1991, oil processing fell by 23 percent in comparison with 1989 to a level of 295 kg per capita (in

Czecho-Slovakia, for example, the level was about 1,050 per capita). Given the overall production of 6.4 million tons of motor fuels in 1990, imports made up more than half, 3.3 million tons.

**Most Important, Gasoline Stations**

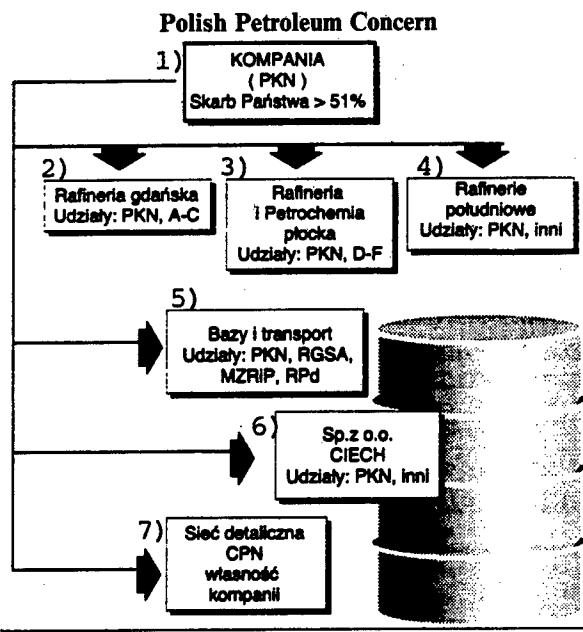
In order for the Polish petroleum industry to operate efficiently, during the first stage, the restructuring program calls for the formation of the Polish Petroleum Concern (PKN) and the integration of the refinery industry with the retail network. The concern will be a stock company of the state treasury; it will take over the trademark of the Petroleum Products Center and 35 to 40 percent of the stations. The Gdansk Refinery will receive 15-20 percent of the refineries. The remaining 5 to 10 percent will be given to the southern refineries, which will become capital associations.

The Friendship enterprise that handles the use of pipelines will retain its current legal status and will function on the basis of the principles of a common carrier, guaranteeing access to the pipeline to any authorized unit. The rates will be regulated and confirmed by the State Regulatory Agency, which will be formed on the basis of the new energy law.

The other enterprises of the petroleum industry will be transformed into stock companies and capital associations with majority interest (the Directorate for the Exploitation of Tank Trucks) or a controlling interest (the Import-Export Center for Chemicals and Chemical Equipment) by the state treasury. The state will also control the limited liability partnership Naftoport. The southern refineries will operate as a capital association. The refineries will also gain the essential infrastructure for adding lead to gasoline or increasing the octane rating of so-called pipeline remainders. The problem is that the addition of lead to gasoline is not done at refineries but in the storage facilities. This problem will disappear in conjunction with the move to unleaded gasoline. The transport of oil and fuels is planned to include the operation of independent enterprises—Naftoport, the Enterprise for the Exploitation of Oil Pipelines, the Directorate for the Exploitation of Tank Trucks.

**The Company**

Among the assets of the Polish Petroleum Concern (the company) will be the planned 40 percent of the stations of the Petroleum Products Center, the Enterprise for Wholesale Distribution of Fuels (including the storage facilities and truck transport), and a part ownership of the refineries (45 percent in the Gdansk and 25 percent of the Plock refinery or 25-30 percent in all the refineries) and of the Import-Export Center for Chemicals and Chemical Equipment (10-15 percent). In the future, the stock of the single-person partnership of the state treasury is to be made available for public trading, although the state will retain a controlling block.



Rozczopolska/A.W.

#### Key:

1. Company (Polish Petroleum Concern)—State Treasury More Than 51 Percent
2. Gdańsk Refinery—Owner: Polish Petroleum Concern, A-C
3. Plock Refinery and Petrochemical Plant—Owner: Polish Petroleum Concern, D-F
4. Southern Refineries—Owners: Polish Petroleum Concern, others
5. Storage Facilities and Transportation—Owners: Polish Petroleum Concern, Gdańsk Refinery, Inc., Mazowiecki Refinery and Petrochemical Plants, Southern Refineries
6. Import-Export Center for Chemicals and Chemical Equipment, a limited liability partnership—Owners: Polish Petroleum Concern, others
7. Retail Network of the Petroleum Products Center, owned by the company

#### The Southern "Five"

The southern refineries will be the subject of a separate chapter in the restructuring program. Their production is to be of a narrowly specialist nature: they are to produce small-tonnage products (about 350 different assortments), whose value in 1990 was \$210 million. This profile would be particularly difficult to reproduce in Plock or Gdańsk, and their import is unprofitable. The refinery in Jedlicze, which processes used lubricating oils, is of special importance. The production of the southern refineries will remain at current levels; they will also conduct retail and wholesale operations in engine fuels and import fuels.

#### Reserves

The legal requirement for maintaining strategic reserves of fuels will remain. All the units in the industry (including

the private importers and the owners of stations) will be subject to this requirement. A sharing of the costs of the reserves will be a solution. The weakly developed storage infrastructure has caused the reserves in Poland to be low; ultimately, we are to reach the level required in the EC countries, a 90-day reserve.

#### Prices

In addition to the ownership transformations and the divisions, a new economic system is to be introduced. It must be based on properly free prices. However, due to the general economic situation in the country, it has been proposed that a system for setting retail prices for fuels on the basis of a formula of maximum prices set on the basis of international market quotations be adopted. This formula is to ensure the consumers against an excessive increase in prices, although they will to a degree reflect the movements of the international market. When the system is introduced, the prices will not change. Their complete freeing, however, is to occur in 1996 at the latest, but without a large one-time change.

The division of the tax and price systems so that they are neutral to one another is planned. Resignation from the turnover tax in its current form (a percentage of the price realized) is also a major change; it is to be replaced by an excise tax (understood as an amount added per liter or ton).

#### Concessions Still

The operations of the formula for maximum prices must be integrated with the system of limitations for importers in such a way as to ensure the competitiveness of domestic production. To this end, duties on fuels and also import concessions will continue. The conditions which the ministry has proposed are:

- Having adequate technical and financial capacity.
- Having for the period of the permit guaranteed supplies.
- Having storage facilities.
- Maintaining sufficient reserves as part of the strategic reserve.

During discussions of the proposal at the Ministry of Industry and Trade, representatives of the workers of the Petroleum Products Center and the other petroleum enterprises put forward several amendments:

- Reduction of the number of stations transferred to the refineries to 20 percent from 60 percent.
- Giving legal form to guarantees of refinery access to "pipeline remainders."
- Hiring station employees and agents in tandem with the transfer of facilities.
- Carrying out the restructuring on the basis of one conception, simultaneously in all the enterprises that are to constitute integral parts of the concern.
- Supervision of the restructuring by the minister of industry.

Negotiations are still to be held on the first point; the others have been accepted.

**Kecmanovic on Function in B-H Presidency**  
*92BA1404A Belgrade POLITIKA in Serbo-Croatian*  
*28 Aug 92 p 9*

[Article by Muharem Duric: "Dr. Nenad Kecmanovic Talks to POLITIKA After Resignation From B-H Presidency: A Month With Alija Izetbegovic"]

[Text] *How the state of war was declared in B-H [Bosnia-Hercegovina]; Boras and Abdic signed their agreement with all decisions by the truncated B-H Presidency in advance; what about Baba; different Croatian orientations advocated by Kljucic and Boban, while, formally, the top figure in the HDZ [Croatian Democratic Community] of B-H, Miljenko Brkic, is waiting for an outcome.*

The mandate of Dr. Nenad Kecmanovic on the Presidency of B-H was not long in duration, but the stories that he could tell have been anticipated with interest for quite a long time now. In an interview with POLITIKA, Dr. Nenad Kecmanovic described the dilemmas with which he struggled before deciding to accept his post, and also described the work of the Presidency of B-H in Sarajevo and his other political views.

Dr. Kecmanovic emphasized most of all that after the resignation of Dr. Koljevic and Dr. Plavsic, he was given precedence for joining the Presidency by the election results, as the third name on the list. He also recalls that there were vehement objections by the leadership of the SDS [Serbian Democratic Party], who said that it was irregular to add to the republican Presidency in that way. Similarly, he says that he "appeased" the opposition and government by setting out his three conditions for joining the Presidency.

The first was that consensus be introduced to the Presidency's decisionmaking process. Second, that the members of the Presidency give up their party posts and that the state Presidency be structured proportionally according to nationality. And the third issue was that a new coalition government be formed which would include opposition ministers.

One particular factor in this decision was Sarajevo's Serbs, who were already experiencing considerable misfortune.... Aside from that, the people simply had a need to have someone of their own who would be some sort of guarantee, protection. It turned out that Kecmanovic and Pejanovic were the only solution, because the other candidates had already abandoned Sarajevo. Nikola Stojanovic, for example, had come to Belgrade, and Djordje Latinovic had left for somewhere in Bosnian Krajina.

#### Tacit Mandate

"Practically speaking, my mandate lasted all of one month, after which I came to Belgrade, under special circumstances," says Kecmanovic. He said that there was hesitation both in Belgrade and in Sarajevo about the capacity in which he was to arrive in Belgrade, and how he was to do so. Of the explanation that he offered at the time, Dr. Kecmanovic himself says that it was rather abbreviated "for understandable reasons."

"In order to avoid additional trouble and confusion surrounding this issue, I actually came with Izetbegovic's consent," Kecmanovic says. He adds that this was in fact some sort of "tacit consent."

He points out that he basically suggested moving toward a new, fresher style of work and emerge from the political blind alley, both in relations with the Serbian side, with whom all communication had been cut off, and in relations with Belgrade. Panic and Dobrica Cosic were already on the scene as new people with whom the Sarajevo leadership was not encumbered with the baggage present in relations with Milosevic and the previous team.

Among other things, Dr. Kecmanovic alleges that he had some sort of tacit mandate to talk with representatives of the Serbian Democratic Party, most of all with Momcilo Krajsnik, and then to go to Belgrade to meet with Panic and Patriarch Pavle to talk about how to revive Orthodox life in Sarajevo, which had ceased to exist entirely, reduced to one priest and to believers who were in a very difficult situation.

With UNPROFOR [UN Protection Force] help, Dr. Kecmanovic set on this journey. "However," he says, "that mission was somehow exposed and dramatized, both against my wishes and against Izetbegovic's wishes. The first reactions to my departure in the Sarajevo media were negative."

While Dr. Kecmanovic's stay in Belgrade was extended to a full month due to health reasons, things in this same direction underwent a significant worsening in Sarajevo, and that worsening began during his one-month mandate. Here is how Dr. Kecmanovic describes what happened during that month:

"Most of all, the situation of Sarajevo's Serbs did not improve with my arrival and that of Pejanovic; rather, the worsening trend continued. Our influence was reduced to our alleviating this trend through personal acts of intervention, in protecting individual people, because they were being brought in, taken away, and imprisoned, and then disappearing, etc. Practically speaking, 90 percent of my job boiled down to that."

With regard to the fate of B-H Presidency member Fikret Abdic and his disappearance, Dr. Kecmanovic says this to POLITIKA:

"Abdic demonstrated a desire to leave Sarajevo even while I was still there, in terms of the narrowed maneuvering room for any sort of political activity in Sarajevo, as well as, I would say, the competition between Izetbegovic and him that had been demonstrated earlier. That was seen even in the elections."

#### Abdic Tried To Leave

"This competitive relationship continued during the period when I was in the Presidency," Kecmanovic says. "Abdic was dissatisfied both with his status and with the amount of room he had for political activities. He expressed the wish to go to Cazinska Krajina, his own region, where he enjoys absolute authority, and where he

wanted to save his own area even after the entire republic was ablaze. He was certain that he could do that, that he was capable of bringing about stable relations with neighboring regions, regardless of what government controlled them, either the Croatians or the Serbians. He tried to leave.

"However," Kecmanovic says, "Fikret Abdic simply could not turn that desire into a reality for a long time, because that could have jeopardized the Presidency and the necessary quorum for decisionmaking, and it was also increasingly difficult to get through to Cazinska Krajina."

With departure of Abdic and Kecmanovic, the number of people in the Presidency of B-H grew even smaller.

"Franjo Boras has not been in the Presidency for some time now," Dr. Nenad Kecmanovic says, "just as there are no HDZ ministers. Boras's whereabouts and activities are also unknown. Izetbegovic, Ganic, Kljuic, and Pejanovic are left in the Presidency."

According to Kecmanovic, a solution or quasi-solution was found, whereby when Boras left, he signed some sort of "formula" according to which he would provide information by telephone on individual issues, by way of the secretary general. "Abdic also signed the obligation, and I think that that was the condition for him being allowed to go. In reality, he signed a statement agreeing in advance to all decisions that the Presidency would make in his absence. Ganic and Kljuic have also signed such obligations.

"Izetbegovic has always found a way to get everything he needs in a roundabout fashion. That is also how the decision on the state of war in B-H was made."

#### **"More Personally" Than in the Name of the Presidency**

"Pejanovic and I were confronted with a drastic decision to participate in declaring war against our own nation and on the side of two other nations. We both voted against that decision, or to put it better, we let it be known in the preceding discussion that we would use the veto. The same day, however, Izetbegovic held a session without the two of us, adopted the decision on initiating a state of war, and

then, that very evening, sent Abdic in front of the television cameras to announce that a state of war had been declared."

Another example cited by Kecmanovic is the decision on the alliance with Croatia against Yugoslavia, Serbia, and Montenegro.

"Izetbegovic told us," Kecmanovic says, "that he did this 'more personally than in the name of the Presidency.'"

According to Kecmanovic, these are illustrative examples that show that Izetbegovic does not really want to build regular relations, not even in the local, small realm in which he held power.

In his interview with POLITIKA, Dr. Kecmanovic also talks about relations on the Croatian side. There is a very interesting constellation there, he says.

"There are representatives of the Croats, or even representatives of the HDZ directly, who advocate different political orientations. They have never been in open conflict, nor have they attacked and criticized each other, but they do advocate different orientations. Kljuic is the advocate of one variant for solving the Croatian question in Bosnia, the way supported by Izetbegovic, while Boban advocates a variant that is closer to Karadzic. Formally speaking, the top man is Miljenko Brkic, as the acting HDZ chairman. He is not in Sarajevo, but he is a member of the government, the minister of religions. According to my information, he is in western Hercegovina, where he is leading the party, but he rarely or almost never speaks out, so that one could conclude that he will set forth his position once things have become clearer and once it is seen which of these variants will be more conducive, and then, as an authorized representative of the party, he will join that side."

With regard to solutions for the Bosnian question, Dr. Kecmanovic says that he does not share the opinion of those who say that Alija Izetbegovic or Radovan Karadzic is to blame. Naturally, he adds, a role in all these atrocities is certainly played by the figures heading the mass movements. What we are seeing is a process of national rallying, which is not simply a local problem, either in the Bosnian or in the Yugoslav sense. It has been set in motion from Vladivostok to the Adriatic, and it was naive to expect Bosnia to be the exception.

**Effect of Sanctions on Serbian Economy Detailed**  
*92BA1402A Belgrade NIN in Serbo-Croatian 28 Aug 92*  
*pp 30-31*

[Article by Lidija Soldo: "The Dying of the Economy"]

[Text] Everyone agrees on one thing—the UN sanctions against the Federal Republic of Yugoslavia have seriously shaken the economy. Will they completely paralyze it if they continue a while longer? Two extremely opposite views of this are to be heard in public intercourse, but also in the top political leadership of the republic: that the collapse of industry and the economy is inevitable, or that the economy can live even under the conditions of the blockade. For Velimir Mihajlovic, minister of industry in the Serbian government, the truth lies in the worse alternative:

"The economic blockade will have grave consequences for Serbia's economy, especially over the long term. For that matter, if the consequences for the economy had not been so grave, the world would never have adopted them."

Vlajko Stojiljkovic, president of the Economic Chamber of Serbia, does not accept the argument that it is impossible to operate under the conditions of the blockade, that the economy is dying, because that, he says, is simply a deception: "The sanctions, meanwhile, are a good alibi for a minority of directors and enterprises who have been concealing inefficiency for a lengthy period of time."

For most citizens, the blockade means considerably more expensive goods in stores, a rise of prices that exceeds their worst nightmares, and ever higher rates of unemployment.

Milan Nikolic, vice president of the unified sectoral trade union "Independence," warns that many workers will be without jobs even in September: "You see, tomorrow when we are without work, because many enterprises have been shut down for a long time already, the workers will ask what is going on and will knock their heads against the wall. I am afraid that it will be too late."

No one knows precisely how many will be out on the street after the enforced or collective annual vacations, which so far have been paid vacations. Figures on this are not being gathered either in the Economic Chamber of Serbia or in the Federal Chamber. People are waiting for September.

"A large number of firms are in an enforced annual vacation at the moment, so it is not possible to draw from this a true picture of operation or idleness," we were told by Zivojin Stepic, deputy minister of industry in the Serbian government. "Supervisory personnel are at work and are trying to organize production under the conditions of the blockade, and preparations are also being made to facilitate operation under winter conditions, because it is obvious that the blockade will last quite a long time. The sanctions have nevertheless hurt the metal manufacturing industry the most. Some firms will quite certainly cease to operate altogether or will operate at reduced capacity. They include giants like Zastava of Kragujevac, the Smederevo Steel Mill, and others. It is not just a question of obtaining raw materials, but also of restrictions on exports.

"What we could do at this moment, we have done. We have directed the energy budgets in a planned way toward those organizations that can operate under these conditions, but also toward priorities such as the defense industry, the food industry, and the drug industry. We have done everything to preserve heavy industrial capacities needed to make it possible for other economic activities to operate. Even petrochemical installations have shut down because the petroleum could not reach them, and it is uncertain how long this interruption will last. The situation is rather difficult, but efforts are being made to enable the largest number of firms to operate under these conditions. Operation is at full capacity only in the non-metals sector and building materials production because in these cases the entire production comes down to domestic raw materials," Stepic adds.

**Maintenance of Installations**

Over 1,200 workers of the Vulkan Rubber Industry in Nis have been on enforced annual vacation since the beginning of August. Before that, on 13 July, the workers were sent off on a collective annual vacation. The first of September and the announced return of the workers to work is awaited with uncertainty.

The collective annual vacation ended in mid-August for the work force of the Nis Electronics Industry [EI Nis]. Regular production has resumed, but only for half of the work force. About 10,000 people will continue their enforced "vacation."

"The blockade caught us in the middle of an upswing. For the first time since EI Nis has been doing business, it operated at a profit over a period of the first six months of the year. If the sanctions continue, present reserves and raw materials which have made it possible for us to resume production will be exhausted, and we will be threatened with complete collapse," we were told by Caslav Zlatanovic, deputy general director of EI Nis. In his assessment, except in those plants based exclusively on domestic raw materials, only 30 percent of capacity will be operating beginning in September. This will probably mean layoffs for many people....

The installations of the Prahovo Chemical Industry [HIP] have been shut down for two months now. According to what we were told by Miodrag Radojevic, general director, 2,500 workers have already been on enforced paid vacation for two months.

"At the present time, about 500 workers are in the factory working to maintain installations. Unless some way is found very soon to purchase phosphate rocks which are the basis for production of chemical fertilizers, but also raw materials for the production of detergents, there is a danger that this giant on the Danube will cease operation entirely. Our entire production is based on imports, and because all ports are blocked, and it is not possible to import the necessary raw materials, the prospects for maintaining this factory are therefore minimal."

The petrochemical installations of the Pancevo HIP and Naftagas are also idle. The Pancevo refinery completely

shut down production two months ago. There is no crude petroleum. It is certain that the machines will not be started up until at least sufficient material is furnished for half a year, because going on stream is an expensive process if the installations are to operate only two months. According to Caslav Jarakovic, director for general administration of Petrohemija, no one knows at this point how things will look in the fall. The return of about 3,000 workers from a two-month annual vacation is expected at the end of the month. Director Jarakovic is not disposed to make estimates of how many of them will continue to work.

### Coal Before Electricity

The situation is similar for the 7,500 employees of Zorka in Sabac. They are now on collective annual vacation, but it is certain even now, we were told by Brane Tadic, that production will undergo changes in September and that some of the workers will not go back to work.

What will happen to Crvena Zastava of Kragujevac? No one is able to tell us. Zoran Prokic of that work organization's information center, informed us that all employees are on collective annual vacation at present, and that assessments of the further operation of this giant can be made only in September, when the workers come back.

The UN embargo (but also the war in certain parts of the former Yugoslavia) has also shut down the installations of FAP [Priborj Motor Vehicle Factory] in Priborj. The steel mill and Gosa in Smederevo and others have met with a similar destiny. They were not disposed to say how their business is and whether they are threatened with a complete cessation of production at this moment.

The general director of the Electric Power Industry of Serbia has sent a message to the economy and households not to rely too much on electricity this winter. Coal, according to Director Jovanovic, is the "most reliable support for the population." The Electric Power Industry of Serbia will work hard, if it obtains the anticipated credits, to fill the yards of thermal electric power plants with solid fuel, but also to obtain enough dried coal from Kolubara and Kosovo. However, if it does not get the loans...

It is a fact that some collectives are continuing to operate at full capacity. Zupa, a socially owned enterprise in Krusevac with a labor force of 1,500, is operating almost normally according to its director Vulo Radosavljevic: "We still have not had enforced annual vacations. In an agreement with the government of Serbia, we have reoriented our production, and we are making those products which are in demand on the domestic market."

What will the autumn bring except for the rain which has been so longed for these past days? How many new thousands of people without work? Very few people, especially in political officialdom, want to talk about that.

### Issue of Internal Border Divisions Discussed

*92BA1402C Belgrade NIN in Serbo-Croatian 28 Aug 92 pp 14-15*

[Article by Toma Dzadzic: "Old and New Borders: Divisions Through Bloodshed"]

[Text] At a time when the West was still merely intimating the possibility of recognizing Bosnia-Hercegovina [B-H], the then leader of the SDS [Serbian Democratic Party], now the late Dr. Jovan Raskovic, as he once related to me, warned a diplomat of a world power during dinner in Belgrade: "If you recognize B-H before the three nationalities agree on mutual borders, you will have war there," Raskovic said.

"It is not we, but you who will have war," the diplomat replied.

And that is how it is: B-H formally has its state, but it also has a cruel war for internal borders among Muslims, Croats, and Serbs. The Western world is obviously not overly suffering because of that.

The war for borders in this former Yugoslav republic of the former Yugoslavia is not, however, the only bloody showdown for borders flaring up on the space of what until yesterday was a "community of indissoluble brotherhood and unity." There is an equally tragic demarcation of borders going on between Croats and Serbs within the limits of Tito's borders of another newly recognized state—Croatia.

For the present, fortunately, it is only verbal warfare that is taking place concerning correction of the border injustices between Croatia and Slovenia, and even the newest Yugoslavia (the federal community of Montenegro and Serbia) is not free of the danger of that whirlwind because of the strategically very important—to Montenegro and Yugoslavia as a whole—lengthy peninsula of Prevlaka at the entrance to Kotor Bay, which by Broz's decision belongs to Croatia. Finally, although not mentioned recently, disagreements are also possible concerning the Yugoslav-Macedonian border near Kumanovo, where the Serbian majority population in that region of Macedonia wants to join Serbia.

Equally serious and possible are disagreements about borders on the territory of Serbia, in Kosovo and Metohija, where members of the Albanian ethnic minority are trying to set a world precedent—to create their own state on the territory of someone else's state. Just as conflicts are also possible with the Muslims in the Sandzak region of Serbia and Montenegro, and then with the Albanians near Ulcinj in Montenegro, with the Hungarians in the north of Serbia, in Vojvodina....

### General Confusion

The confusion becomes complete when we think that Mirko Jovic, president of Serbian National Renewal [SNO], sees the Serbia of the future "from Skadar (in Albania) to Zadar" (in Croatia), and Vojvoda Vojislav Seselj sees it "all the way to the line drawn through Karlobag, Ogulin, Karlovac, and Virovitica." At the same

time, Dobrosav Paraga, leader of a militant opposition party in Croatia, is promising a "Croatia all the way to Zemun (including Zemun), as well as Kotor Bay." This idea has been taken up by Sime Djordan, who is of like mind and is a man close to the top leaders of the Croatian Government.

The official position of the Serbian opposition was first loudly formulated by Vuk Draskovic, leader of the Serbian Renewal Movement [SPO]: "Serbia extends to wherever there are Serbs and Serbian graves." This is approximately that "Seselj line" we have just mentioned. This position, which was fervently taken up by a sizable portion of the Serbian intelligentsia, was somewhat later made official by Slobodan Milosevic, president of the Republic of Serbia, with the enthusiastic slogan "All Serbs in one state!"

"The only fair resolution of the Yugoslav crisis would be to divide the territory along ethnic lines," Pavle Iovic, member of the academy and president of the Serbian Assembly (Srpski Sabor), has now told NIN. "Yugoslavia was destroyed on that (ethnic) principle, but borders that are not ethnic have been set up. And just as different nationalities lived in the former Yugoslavia, so they also existed in the various republics (Croatia, B-H...). The principle of ethnic self-determination was respected when Yugoslavia was created, and now it is being denied at the lower level, when it comes to Tito's borders of the former republics. Of course, consistency and human and political correctness require that the ethnic principle be applied in determining borders both in Croatia and in B-H."

Academician Iovic believes that instead of the slogan "All Serbs in one state," the slogan should be: "All areas with a Serbian majority should remain in one state." He sees two essential differences between these wordings.

First, he says, it is not possible or necessary for all Serbs to be in one state, because there are also Serbs in areas where they are in a minority, which means that "we cannot lay claim to them." The second difference is stressed in the words "should remain."

"The reference is to areas which for decades were already in one state, Yugoslavia, and now that unity of the Serbian people is being destroyed by force," in the opinion of Academician Iovic. "It is not at all a matter of indifference whether we want to retain what we already had or are demanding something new. This second wording is realistic and, unlike the first one, does not sound aggressive. Our opponents, then, would not be able to misuse it."

#### There Exists Only Diktat

Put simply, Academician Iovic is convinced that if every area belonged to the nationality which has a majority in it, the justifiable aspirations of Serbs, Croats, and Muslims would all be satisfied. Everyone, that is, would have their own ethnic territories.

This reflection sounds reasonable, but it is a bit uncertain what this would look like in practice. Would Croatia, for instance, easily renounce Knin, which is the heart of the circulatory system of its transportation? Or, would the

Muslims easily reconcile themselves to having authority over only one-tenth of the territory of B-H, the only area where they have a majority?

How in approximate terms do the Serbs and Croats imagine cantonization of this new state?

It is not very likely that either of them could easily get over the loss of the "most cherished territories," just as, for that matter, the Serbs are outspoken in not contemplating anything of the kind when it comes to Kosovo and Metohija or Sandzak.

Once again, then, a prospect for war. But perhaps not, because there must also be a peaceful solution of the "perpetual" dispute.

Dr. Miodrag Zecevic, professor and director of the Yugoslav Government Archives and one of the two authors of the book *National Borders and the Internal Territorial Division of Yugoslavia*, spoke to NIN about how the Yugoslav crisis can be resolved.

"Under what are called the Vienna Conventions, the borders of separate territories or communities within a federal community (such as our republics) cannot automatically be accepted as national boundaries," according to the interpretation of Professor Zecevic. "Internal borders of a state, including Yugoslavia, are not subject to any kind of external verification, and so no permanent rights within the territories marked out can, of course, be acquired on the basis of borders of new states established in that way."

The professor says that Yugoslavia's internal borders are unfair, created during the war, and never verified in any way even after the war, so that there is no way that they can be recognized under international law. It is a fact that the world has recognized states precisely within the limits of those wartime Broz borders. Zecevic responds tersely to that objection: "There is a simple reason why none of that was respected or applied in the case of the dismantling of Yugoslavia: There is no balance of power in the world, and thereby no international law either, but only diktat."

For the borders of the former republics to be otherwise transformed into national boundaries, NIN's informant explains, they have to be accepted by the peoples being separated by them, and that means holding referendums for them to say in what state and what kind of state they want to live.

"In any case, under international law the possibility is excluded that a state created as a state of two nationalities proclaim by its secession that the other nationality is an ethnic minority."

Professor Zecevic goes on to say that no one (and no authority) can recognize borders created in the Yugoslav way (the "Yugosyndrome") without first facilitating the right of people to self-determination. Otherwise, if the right of one people (Croat) to self-determination is recognized, and that of the other (Serb) is not, "this cannot end without great complications and grave conflicts." Meanwhile, there is war, but also the fact that precisely all those

illogical, unfair, and, in general, Broz' borders are recognized not only by the outside world, but also personally by Mr. Milan Panic, prime minister of the new Yugoslavia.

### A Shock for Everyone

After all the shouts of "All Serbs in one state!" and after the cruel waging of war in Croatia and B-H, after the countless dead and wounded, following the immense destruction, torture, massacres, hatred, fleeing, resettlement, misery, grief, and sorrow, Mr. Panic has emerged as a modern-day messiah. Not only has he said "Enough war, we want peace," but also "I recognize all the new borders within the framework of Tito's borders within the former Yugoslavia."

A shock for both Croats and Muslims, not to mention the Serbs, especially those in Croatia and B-H.

Here suspicion is aroused not only by the fact that one man, even though he may be the federal prime minister, is recognizing the borders of new states that arose from his own dismembered community (Zecevic says that no one has the right to make such an important decision without a referendum), but that "this kind of mindset is suddenly spreading like an infection."

The prime minister also immediately clarified his position of recognition of Broz' borders which are unfair to the Serbs: "Because in two or three years, I have reliable knowledge of this, the international community will erase those borders, because the peoples will live in the states which they themselves desire."

Perhaps a still greater surprise came from Dr. Radovan Karadzic, leader of the Serbs in B-H, who a few days ago declared that the Serbs have perhaps taken more territory than belongs to them and that they are holding it for the sake of security, but that they certainly will soon withdraw from some of it.

But even without the most recent shocking statements of Prime Minister Panic and also Radovan Karadzic, the question is inevitable: Was there any inevitability at all for casualties like this for the present Serbian government to accept everything that before this war it did not want to even hear of, such as, for example, the idea of a confederal relationship among the various former republics which are now states? Even now, Yugoslavia is recognizing Slovenia as an independent state (which it never wanted at all). Just a year ago, to the contrary, in response to the very idea of the Slovenes that they would become independent, the tanks of the federal army crawled into the streets there and that was the beginning of that insane war for borders. The internal borders of Yugoslavia are as insoluble as squaring the circle!

### What Has the War Brought?

Dr. Slobodan Inic, the Belgrade sociologist, was even earlier pointing to precisely that senselessness of a war for Yugoslavia's internal borders. In his opinion, the basic mistake of President Milosevic and most of the Serbian opposition is that they believed in "correcting" borders by force.

The trouble turned out to be, that is, the reason why it occurred, was not that the Serbs had objections to the borders and wanted to correct them, but that they wanted to do this by force.

Why was that a mistake? Here is Inic's answer to that:

"Because, as we see, force has not succeeded in changing Broz' borders, but rather that attempt to change borders by force has come back like a boomerang against Serbia, and now the world is trying to federalize Serbia and indeed even to confederalize it (special status of the provinces). Expansionist Serbian nationalism, as we see, is culminating in the destruction of Serbia. The result is outright isolation."

Inic's view, however, is that there is no integral "unified" Serbia without Yugoslavia, and he says that those who dismembered Yugoslavia (on the Serbian side) will thereby dismember Serbia as well.

"All Serbs, if they want to live in one state, must as a first condition live with other nationalities. And second, all Serbs have actually been living already in one state. Therefore, the Memorandum (with its idea about an expanded Serbia) has ideologically inflicted the greatest harm on Serbia, because it gave rise to the policy of war, of conflict with other nationalities, and it delivered the tragic balance sheet."

Aside from everything else, it cannot be said that in the end a pasha domain will remain of Serbia, but there is no doubt that such plans do exist in the influential world. What, then, has the war brought except massacres, destruction, and unhappiness? To be sure, the Serbs control territory in Croatia where they are in majority, but Croatia has been internationally recognized in its previous republic borders. It remains, then, to negotiate. And at least on the basis of the present disposition in the world, the most that negotiations can bring them is a special status.

But that special status could have been obtained by negotiation, without war, without so many casualties, refugees, destruction, misery, shame, hopelessness, the pity of it all.

And really, what now? We here are now erecting walls of bloodshed and corpses between ourselves, and when we finally firmly establish them, we are supposed to enter Europe in order to tear them down.

Are we really sane?

Lawrence Eagleburger (previously U.S. ambassador to Yugoslavia), the new head of American diplomacy, has indirectly provided an answer to that question, as if he had heard it, but in the same connection:

"No one can explain that to you. Except a psychiatrist."

The trouble is that some of our psychiatrists were, or still are, committed concerning those borders, and it seems there is no prospect for anyone to reveal to us the essence of life and death.

### Status of Serbian Ruling Party, Opposition

92BA1402D Belgrade NIN in Serbo-Croatian 28 Aug 92  
pp 8-9

[Article by Rade Rankovic: "Squaring the Circle of the Roundtable"]

[Text] As in the "brightest" days of the Serbian parliament, there was first the agreement of the Serbian parties on the roundtable and then the federal gathering on the same topic. Accompanied by a great deal of noise, conversations in kid gloves, compromises over trifles—and almost without result. Last week, it took more than four hours for representatives of the Serbian parliamentary parties just to agree to continue the discussion toward agreement at a later date.

According to information from Maljkovic's office, resumption of the roundtable in the Serbian Government was to be expected only the following week. There are at least two reasons for this postponement—the first federal roundtable was held on Tuesday and Wednesday, and that same week peace and war in Yugoslavia were being debated in London.

According to all the forecasts, the London Conference, however unconnected it seemed to be to any kind of agreement of the parties in Serbia concerning the new elections, will have a decisive influence on the course of events in these parts. The "willingness" of the incumbent party to make concessions at home will also depend on the strength of the pressures of the European allies on Yugoslavia, above all on Serbia.

### Who With Whom Is Not Known

In order to prove its innocence and readiness for dialogue, the SPS [Socialist Party of Serbia], as the embodiment of all the reasons why Serbia has been proclaimed bolshevik and communist in the world, must to some extent move toward conciliation. This is easier to do on home ground than away.

While recognizing the mechanisms of the propaganda here, it might still turn out in the end that the Socialists have themselves been seeking extraordinary elections (and roundtables) and verification, as they like to say, by the will of the people.

Through the media which they still keep under control, the Socialists will very easily negotiate the objection that they give in to everything, but only when they are pushed to the wall. They will attribute democratization as a point for themselves ("we will prove to you that the people are still in favor of us"), and on this they will certainly earn a few more percentage points of the vote from the more naive Serbs.

No one anymore in London (or anywhere in the world) can swallow all this—regardless of the cellophane in which it is wrapped. Nevertheless, it is possible that the Yugoslav negotiating quartet at the conference will play one of the trumps of the "new" policy—new elections.

All the open questions which existed before the first party meetings at the republic and federal level are still with us

even today. The only step forward that has been taken in Serbia is the task that has been given the government—to prepare before the next meeting a document proposing solutions for the numerous disagreements. (The similarity to conventional assembly resolutions is accidental.)

There is no agreement on whether the roundtable in Serbia will be divided into four Biedermeiers or whether the Serbian knights of the roundtable will all sit together. Nor does anyone know how decisions will be made—by vote (and outvoting) or by consensus. Nor what relationship will be established toward the same federal institution. Nor how all this will go in the parliament....

There is less and less time before 22 November, when everyone expects the next parliamentary election. August is coming to an end, and the "parliamentarians" are supposed to agree on at least three laws: on elections, on financing political parties, and on the news media in an election campaign.

In connection with all three of these bills, the Serbian Government has backed the proposal that they be sent to three working groups. A fourth would be devoted to human rights and rights of minorities, and it is also attempting to place in that basket the proposal of DEPOS [Democratic Movement of Serbia] that the upcoming elections not be "ordinary," but elections to a constitutional assembly.

Unlike the government, the opposition in Serbia (except Seselj's Radicals) is calling for only one table. "The entire problem ought to be taken up as a package. By no means should the thing be watered down," was the message the opposition sent. An additional argument is that work in commissions requires the participation of a much larger number of people.

No one is stating publicly as yet that the opposition is afraid (justifiably?) that the government's chances of easier manipulation are increased if the work should be done in working groups. Government control, the opposition believes, is much simpler to implement at just one table.

### The Party Softer Than the Government

The assumptions of the doubting Thomases that any political agreement is impossible in Serbia were borne out immediately after the first meetings. The argumentative tone at the outset of the meetings seems to confirm the famous sentence of Patriarch Pavle on 11 March 1990: "Although we are Serbs, let us be human beings."

For example, the exchange of shots between the SRS [Serbian Radical Party] and DSS [Democratic Party of Serbia] and the government over whether Kostunica's party could participate at all, because it still is not registered, lasted more than an hour. The words of Vojin Vuletic (SRS) that this is nevertheless only a question of principle are discounted when one recalls Seselj's frequent discussion in the Serbian parliament against the Democrats.

On that occasion, the government was even accused of defending a party whose registration it had not allowed just

a week or two before. However unimportant this detail might be to the future course of negotiations, it still stands as a superb illustration of the situation in Serbia.

"We assumed that that could occur, and we did not turn up at the first meeting in the Serbian Government," says Dragoslav Petrovic of the Social Democratic Party, which also is not yet registered.

And he immediately adds, after the first squabbles, it is better that we did not go. We are waiting for them to move on to the substantive talks.

Although it might seem to some that it is very difficult to forecast the outcome of "substantive talks," if one proceeds from the positions of the negotiators it is possible with high probability to arrive at the point near which the parties in Serbia and Yugoslavia might find one another.

It is important in this connection to point up one impression—that within Serbian limits the incumbent party has been showing a somewhat greater readiness to cooperation than its government, while at the federal level this relationship is exactly the other way about.

If we look only at Serbia, the SPS assumes that it cannot lose even the next election. To be sure, no one expects any longer the kind of convincing victory it had in December 1990, but the Socialists believe that they can win about half of the deputies, so that they would hold on to their leading role in the parliament.

From that position, the Socialists could go a step further in making compromises than Bozovic's government could. At the same time, they are distancing themselves from the Serbian cabinet, which is less and less popular, and again they can attract some of the voters on that basis.

Thus, in response to one of the proposals set forth at the Serbian roundtable, that the agreement, should it be reached, be taken directly before the deputies in the Assembly, Tomica Raicevic, a member of the Executive Board of the SPS, even proposed that the agreement go through the Socialist caucus in the parliament and that their proposal be adopted. Nebojsa Maljkovic opposed in the name of the government.

The problem is the other way about at the federal level. The government, with Milan Panic (and Varadi's Justice Ministry) is again readier to reach agreement than the Socialist-Radical structure of the federal parliament.

#### **How Far To Go With Compromises**

In the charmed circles of the interwoven federal-republic authorities, the top federal leadership seems to have undertaken a resolute offensive. On the first day of work of the federal roundtable, late in the evening, the only agreement of that day was reached—that the decisions of the round-table be binding on all parliaments.

The key issue raised over the roundtable is to what limit the two sides can go (or want to go) in making compromises. Although they represent themselves to the public as though they clearly know what they want, it still does not seem to be that way.

In the package of three laws that directly pertain to the upcoming election, the seminal Law on Elections is certainly the most important. It is logical to assume that there will not be too many problems with the Law on Financing Political Parties and the one on information (however important they might be).

Regardless of what is agreed (that is, regardless of all the things the Socialists consent to), the SPS counts on these laws nevertheless being easier to evade than the Law on Elections. With its own personnel in Radio-TV Serbia, for example, they can always achieve the "desired" results.

From that standpoint, it is not even so important whether the opposition will get the Second Program (which one hears most frequently as its demand) or whether specific provisions will regulate the flow of campaign news through all the channels of Radio-TV Serbia.

It is much the same with the Law on Financing Political Parties. The SPS, as still the strongest party (with probably the largest membership), will not have reason to worry very much—at least so long as it is in power. Secret "detour" giro accounts will always make it possible to do something under the table, and in this "problem area" one should not forget that the Socialists still control a majority of Serbian plant directors and enterprises, and therefore their money as well.

The essential question in the Law on Elections (they, of course, have many subquestions) is what kind of elections to be held in Serbia and Yugoslavia. It seems that even the SPS no longer counts on being successful in pushing through the majority system—however much that would suit it. Its vocal spokesmen say that if the opposition is not consenting to this system, then they should switch to a combined system.

And that is the point where it seems to stop, it does not want to go further, that is, toward a pure proportional system. However, recalling the federal elections, and especially that half of the deputies elected by the proportional system—it turns out that even this did not greatly hinder the SPS. Under only one condition—that the lower limit be raised to a high 5 percent of the vote.

That eliminates the small fry from the election race, and their votes would be divided among those parties which go into the parliament. Vladimir Goati, who heads the federal working group which is supposed to prepare the election law, has had a similar dilemma—how high a limit to prescribe?

#### **Differences in Level**

The opinion of Dragoslav Petrovic is interesting: Now, and for at least one or two more election rounds, there ought not to be any limitation at all. "During the transition from the undemocratic to the democratic system," he says, "that would be the best solution. Until the political scene stabilizes and only a few strong parties remain on the stage."

Milenco Radic, general secretary of the SPO [Serbian Renewal Movement], has gone furthest out in front of the entire democratic opposition. As the main trump card in

the future negotiations he has prepared one version of the election law on a purely proportional system.

"This is the best bill drafted in this area," Radic says.

"It would apply to all levels, the federal, the republic, and the regional."

In June and July 1990, Radic took part in the negotiations concerning elections with the Assembly at that time and its president Zoran Sokolovic. Nothing came of that effort, in late July the opposition abandoned the negotiations, and then in December it took part in the elections. The results are well known.

At this point, analyzing all the oversights and mistakes of the earlier election system, Radic has prepared a law which, he says, leaves no opportunity open for abuses. The question is only whether it will get through the Socialists and their government?

In his opinion, the greatest opportunities for manipulation are concealed behind the datum that 85 parties have been registered in Serbia—"because we need only 100 signatures for registration, not, say, 2,000." Thus, the SPS has gotten its vote, and all the rest are divided among the remaining 84 parties.

When all is said and done, the problem is that there still remains a number of unresolved problems: At what levels are elections to be scheduled, will they also be elections to a constitutional assembly? Certainly the most important question is what happens if the Albanians and Muslims do not take part in the election?

While it is very easy at the federal level because there is only one level, it seems that in Serbia the authorities are hemming and hawing over an answer to this question. It certainly would suit the Socialists best if the elections were scheduled only at the republic level and local authorities be kept under their control. The opposition is, of course, hampering it in those intentions. The presidential elections are a separate issue.

The DEPOS demand that elections be scheduled for a constitutional assembly has the poorest chances of passing. As the case for this has been made by Vojislav Kostunica, the Serbian Constitution was written by a one-party assembly, and in addition it has never been brought into conformity with the federal Constitution. Because of the important oversights, he feels, it is better to draft a new one than to correct the old one. In any case, the answer to this question will most probably be learned only after the election. The winner gets the right to prescribe the rules of the game thereafter in Serbia.

At this moment, the federal government has made a move toward the minorities. Varadi's and Grubac's ministries are attempting to bring, above all, the Albanians to the negotiating table and thereby give full legality to the Yugovernment before the rest of the world.

At this point, it is difficult to say what will be the final outcome of the "pursuit" of minorities. Both sides expect the world to help them. The Albanians in their desire to secede, while the government is still counting on the

attitude of the world not to recognize any changes of borders by force and to demand a dialogue of the opposing parties.

In the end, there remains one other question: Are the roundtables detouring around the institutions of government, that is, the parliaments? Whatever pains the Socialists have taken to argue that the government is not in the hands of the roundtable, that is hard for anyone to believe. At least when it comes to election propositions; they will be defined by the roundtable, and if the agreement is kept, the parliaments will adopt them without change.

And the opposition always has its last trump card—the threat of a boycott if the authorities are not willing to cooperate.

**Serbian Republic Army Staff Chief Interviewed**  
92BA1402B Belgrade NIN in Serbo-Croatian 28 Aug 92  
pp 26-27

[Interview with Colonel General Ratko Mladic, commander of the main headquarters of the Army of the Serbian Republic (VSR), is at the focus of attention of the domestic and world public because of the possible unfavorable outcome of the London Conference, one possible consequence of which might be aggression against the Serbs in B-H [Bosnia-Hercegovina]. Place and date not given: "Our Own Masters in Our Own House"]

[Text] *Colonel General Ratko Mladic, commander of the main headquarters of the Army of the Serbian Republic (VSR), is at the focus of attention of the domestic and world public because of the possible unfavorable outcome of the London Conference, one possible consequence of which might be aggression against the Serbs in B-H [Bosnia-Hercegovina]. We found Gen. Mladic at his wartime position.*

[Djurdjevic] How do you assess the present military-political situation in B-H?

[Mladic] The situation is very complicated, and becomes more and more complicated every day, and the sufferings of the people in B-H are multiplying. The reasons should be sought in the increasingly present aggression of the Croatian Army [HV] in B-H and especially against territories under control of the VSR. At the same time, Alija Izetbegovic's increasingly stubborn insistence to solve the crisis in B-H by violence and war in order to create a Muslim state could have disastrous consequences, above all for Muslim people, who, looked at realistically, are surrounded by Christian Slavs, and this fact must be accepted as reality and a policy of good-neighborness built on it. However, also encouraged by certain moves of the international community, he has been stubbornly rejecting all peace initiatives and obstinately remains an advocate of a policy of Islamic fundamentalism. An example of this is contained in the document he drafted entitled "Islamic Declaration." Take, for example, the systematic boycotting of the conference on Bosnia-Hercegovina and the refusal to talk to the legitimate representative of the Serbian people in B-H, Radovan Karadzic, and the massacre in Vasa Miskin Street, the shelling of the airport and the killing of members of the UNPROFOR [UN Protective Force] and journalists, which they have attempted to attribute to the Serbian side. In the end, the truth is nevertheless coming to light, and

now it is clear even to the world that all of these moves have been calculated to discredit peace initiatives, to deepen the conflicts that exist, and to provoke international intervention. The Serbian side in B-H has on several occasions endeavored to find political solutions to the present crisis and on several occasions has proclaimed unilateral cease-fires and truces. Unfortunately, these attempts of ours have not met with corresponding reactions from the other two sides to the conflict.

[Djurdjevic] How is it then that it is the Serbian side that is being accused as the aggressor and that belief is still dominant in the world media and international forums after five months of warfare?

[Mladic] First, both the Croatian Army and Alija Izetbegovic have been conducting a powerful media campaign. As is well known, Croatia has spent \$17 million to conduct propaganda warfare, and that is \$4 million more than Kuwait invested in the Gulf war. Many agencies are not publishing the truth about events in B-H because this does not suit the ruling circles controlling the media in those countries. At the same time, there are also journalists whose professional conscience does not drive them to write what they see in the field, but exclusively what they are paid for. In the end, these fabricated truths, like those about concentration camps for Croats and Muslims, are experiencing a debacle, and the real truth is coming to light.

[Djurdjevic] Is it true that the Muslim-Croatian forces are arming themselves without hindrance in spite of the embargo, which is supposed to apply to all three sides in the conflict?

[Mladic] We possess persuasive material evidence that the advancement of arms and military equipment is being organized via Austria, Hungary, Croatia, and from certain other countries. At times, even humanitarian organizations have the main role in this kind of supply, and thus a supply channel of weapons to the Croatian Army in B-H runs through Karitas, and for the Muslim forces through Merhamet. As early as 17-19 November 1991, for example, the first obvious example was recorded of the use of those humanitarian organizations to infiltrate members of the HV (HOS [Croatian Defense Forces] and the ZNG [National Guard Corps] onto the territory of B-H), which was called to the attention of the International Red Cross. Besides that, certain countries are taking a very active part in advancing so-called humanitarian aid being used for delivery of arms to Muslim-Croatian units. Just recently, several unpermitted overflights and drops of arms and military equipment were recorded in the areas of Igman, Pazaric, more precisely Konjic, and so on.

Airfields have also been prepared to receive sizable quantities of arms and reinforcements: for example, the airfields in Cazin Krajina, Tuzla, and Visoko.

[Djurdjevic] As for Tuzla, is there really a possibility of the Muslim fundamentalists causing an environmental disaster in that city?

[Mladic] Our assessment is that for the moment that is only at the level of a threat. There were similar threats even earlier. For instance, that they would close off the river in Zivnica although mostly Muslims live in the valley. However, there are people like Murat Sabanovic in other places as well, and such people stop at nothing, and they care little about the interest of their people, whom they swear by so much. Such people are willing to do anything. They have been the leaders in the numerous massacres of Serbs, robberies, the raping of women, and numerous crimes against civilians. It is by chance that their past as robbers has now become their letter of reference in such circles, and it is obvious that Alija Izetbegovic has made abundant use of them in his ranks.

[Djurdjevic] Why, then, in your opinion, were the sanctions introduced only against Yugoslavia, and why are the Serbs continuing to be accused of an unreasonable policy of banditry?

[Mladic] It is certain beyond question that certain circles in the world want to move eastward for economic, political, and geopolitical reasons, and in that context Yugoslavia is perceived as an obstacle in realizing those intentions. Representatives of the Muslims and Croats have been collaborating with those circles, and the Serbian leaders have not, and that is why we are experiencing all this.

[Djurdjevic] Are you prepared to oppose an intervention if it should occur, and are those certain military specialists of the Pentagon right in saying that Bosnia would be worse than Vietnam?

[Mladic] We have nowhere to go, and we do not want to leave our own territory. This is our land, the bones of our ancestors are here. Our home is here, and anyone who comes with a threat of force will be met as an aggressor by the Serbs of B-H. The Serbs did not have their own state west of the Drina, although they are a constituent nationality. They have sacrificed themselves everywhere in the name of some higher interest, which has always been detrimental to them. And if there is anything good in this war, it is awareness of the fact that the Serbs have finally come to their senses. We realize now that in past decades the Muslims and Croats were taking the leading political and economic offices, not accidentally by any means, and also that there was no investment at all in the Serbian communities in B-H, that they remain underdeveloped just as in the last century. Now all of those realizations, full of bitterness, are coming to light and they represent only a drive to persist in the realization of our interests.

[Djurdjevic] JUTEL and Radio-TV Sarajevo have been saying exactly the opposite—that the bolshevik and Serbian expansionist government in Belgrade is responsible for everything.

[Mladic] Certainly, Croatian TV and Radio-TV Sarajevo have for a long time now been homogenizing and indoctrinating their people by way of "consciousness raising," which the Serbian people, who do not control the media, has not been in a position to do. To compound the misfortune still more, the religious factor has also become

involved in all these conflicts, and then if we also add the considerable influence of the external factor, then it is clear that everything that is happening in Bosnia was prepared very deliberately.

[Djurdjevic] But how do you interpret the fact that all of a sudden the Serbs have found themselves alone on the world scene, abandoned even by their traditional allies? Are we at fault at all in this?

[Mladic] The Serbs have always been on the side of the forces that have fought against the forces of destruction. They were shoulder to shoulder with the forces of the victors in World Wars I and II, and they made a large contribution to the downfall of the forces of the fascist coalition. At some point, the masks will drop, the activity of certain circles in the world will be exposed, and the truth will also become accessible to the peoples of countries which were our allies earlier. But as for what we have learned from previous wars, our ancestors erred in 1918 and 1945 when they stopped at points where they should not have stopped, and in peacetime they formed association with those who recently had been slaughtering them. The role of our allies was not harmless in this, because their pressure was great for us to consent to certain kinds of compromises. And that is why now our children are in a situation of fighting against the same enemy their fathers and grandfathers fought. Our history is repeating itself, and our allies should finally realize that we cannot continue to act against our own interest, because every 50 years we are paying for this with our own lives.

The Serbs in B-H are a small but proud people—and their freedom is something sacred to them. They are not interested in the decisions being made in the policymaking departments of those who are designing a new world order, and they are not willing to wear those clothes. That is why we do not have to prove to anyone that we favor peace, because we have confirmed this on several occasions. We did not start this war. Just to recall, regular units of the Croatian Army entered Kupres on the territory of B-H in April of this year and began to massacre the Serbian population. Muslims fired on a Serbian wedding party in the Central Market in Sarajevo, and so on. So, in a series of incidents they wanted to begin this war, and now they have it, and no one can be happy about that, least of all the Serbian side, which did not start it.

[Djurdjevic] In case of a failure of the London Conference, is it your assessment that there could be international military intervention in B-H, which has been threatened for a long time now?

[Mladic] It would be best for you to put that question to those who are planning it. Those who have up to now been threatening that possibility are strong enough to carry it out. Anything could be used as a pretext. We are not underestimating that possibility. On the contrary, we are looking objectively at all the factors relevant to assessment of the possible objectives and scope of that intervention. We are not calling for them, we do not seek their intervention, we are not threatening them, nor will we threaten

them. On the contrary. So, the choice is theirs, and thereby also the responsibility for all future moves. We are our own masters in our own home.

The Serbs are not the aggressors, the world should realize once and for all that humanitarian aid would never be delivered to the inhabitants of Sarajevo and other places if there had not been a resolve on the Serbian side to allow that. As you are well aware, we even turned over the airport at Butimir to the jurisdiction of the UNPROFOR as a goodwill gesture and in the sincere intention that that aid be accessible without prejudice to all. The fact that it later turned out that only 10 percent of the Serbs in Sarajevo benefited from that humanitarian aid, while 90 percent went to Alija and his mujahedin, is now a problem for the organizations that sent it and guaranteed that distribution. We have made it clear to the world community that we are ready to provide a ground corridor for advancement of humanitarian aid. We now control territory 3,000 km long, and I really would like to see how troops of NATO, the United States, or any other country would do that under these circumstances.

The international public should also realize that not a single transport vehicle with humanitarian aid has been attacked or confiscated by our side, and that these attempts and incidents have come from the other side. Those most threatened are the Serbs who have been discharged from their jobs without justification, whose wives are being raped, and whose children are being murdered....

[Djurdjevic] Gen. Mladic, is it true that the Hotel Evropa in Sarajevo has been turned into a brothel where Serbian girls and women are being raped?

[Mladic] It is not just the Hotel Evropa that has been turned into a brothel and torture chamber, but prisons have been established for Serbs all over the territory of B-H. What kind of treatment the imprisoned Serbs are receiving in them you can best learn by talking to prisoners who have been exchanged. According to our data, between 35,000 and 40,000 imprisoned Serbs, most of whom are old people, women, and children, are in B-H outside the territory of the Army of the Serbian Republic. Also, we have regularly been informing the world public of the horrible massacres of our people, but it seems to have remained deaf to the fact that in the 20th century Serbs can be decapitated and impaled on fences on both sides of the Capljina bridge. Not to mention the atrocities right now against Serbs in Kupres and Sijekovac, the camps in Bradina, Zetra, and more than 30 places in B-H. What can be said at this point is that their war prisoners are being given the treatment envisaged by the Geneva Conventions and indeed even more than that. One such camp was recently turned over to the Red Cross, and we have often initiated exchange of prisoners with the opposite side. Unfortunately, we have been witnesses that they are more interested in obtaining flour and weapons for our dead or imprisoned fighters and civilians than their own people.

[Djurdjevic] We have received reports that deserters from the B-H Territorial Defense were apprehended in the Sava

Valley in Bosnia and then returned by force by the Croatian Army to continue fighting in Bosnia. Is that true?

[Mladic] The Croats have been merciless in settling accounts, above all with those who withdrew from Bosnia to the territory of the new Croatian state. The personnel in the main command in the B-H Territorial Defense are Croats, and Tudjman is ready to wage war to the last Muslim.

### Correspondent Interviews Bosnian Fighters

#### 'Ambassador' to Croatia

92AE0656A London AL-MAJALLAH in Arabic  
2 Sep 92 p 30

[Interview with Semso Tankovic, Muslim representative in Croatia, by As'ad Taha in Zagreb; date not given: "Bosnian Leader to AL-MAJALLAH, 'Aid Is Not the Problem; Independence and Liberation Are'"]

[Text] Semso Tankovic is a well-known Bosnian leader, head of the branch of the Party of Democratic Action that represents Muslims in the Republic of Croatia. He was recently named his country's ambassador in Zagreb, following the signing of cooperation and friendship agreements between the two countries, Bosnia and Croatia, which recently have become independent from the old Yugoslavia.

We asked him first whether he expected imminent military intervention to ensure the delivery of food relief in accordance with UN resolutions. He replied: "Talk about military intervention has done more harm than good. The world and its information media have belabored the issue day and night, saturating it with analyses and statements; yet we have seen nothing positive in this area." He added: "I want to say that my country's problem is not humanitarian assistance and food, but independence and liberation. The international community, which is striving to impose peace on this land, should support us in freeing our lands and preserving our independence."

[Taha] A few days ago, the prime minister of the new Yugoslavia expressed amazement at Europe's stand against his country although, to use his words, the Serbs are protecting Europe from the growing danger of Islam in Europe. What is your opinion of these words?

[Tankovic] It is an old story that keeps being repeated. From time to time, the Serbian leaders come out with such statements in an attempt to incite Europe against us. They talk about "Islamic fundamentalism" and "Islamic extremists"—in reference to a people that spent decades under a communist regime that did all it could to separate Muslims from their religion! Now they are trying to convince Europe that we are strangers to this land and that we threaten European peace. In a word, I want to say that all these statements and actions will not cause us to renounce our Islamic identity or our European nationality. We are a Muslim European people and will remain so.

[Taha] The United Nations and other agencies are said to have known for a long time about the Serbian prison camps where thousands of Muslims are being kept.

[Tankovic] I think that some information was known. Some international intelligence agencies, including the CIA, issued reports showing that they knew of the existence of the camps more than two months ago. I think that any person or agency seeking the truth about the existence of torture camps and what happens in them could have found out. Sadly, some persons and some countries still do not want to believe that the torture camps are a reality.

[Taha] What about the London conference? Do you think anything new will be proposed?

[Tankovic] Personally, I do not expect or believe that anything concrete will happen there. We have often expressed our good intentions, and what was the result? The people of Bosnia-Hercegovina are struggling to survive; they cannot wait any longer.

[Taha] Is there any possibility that the proposed partition plan will be accepted?

[Tankovic] There is not a single politician in Bosnia-Hercegovina who will dare to sign an agreement calling for apportioning territory in the form of cantons, especially after dozens, no, hundreds of martyrs have given their lives to defend their country's land, independence, and unity. If anyone does, our people will never forgive him that sin. Bosnia and Hercegovina remained one country for many centuries, and they must remain so in the future.

[Taha] Do you expect Serbia to offer concessions?

[Tankovic] The Serbian Army still constitutes a tremendous military force in the region, and it has a strategy. Perhaps you have noticed how, after all of the operations of ejecting and expelling Muslims and Croats en masse from Bosnia-Hercegovina, they are coming to the world with peace initiatives. The only decisive solution is victory over them. They are like Nazi Germany, which the whole world agreed had to be defeated.

The result is now clear, for Germany now is a great country with moderate, democratic policies. The Serbs therefore must be handed a bad defeat, so that someday they will have the opportunity of joining the civilized international family.

[Taha] Hasn't the killing of one Croatian military leader by other Croatian forces drawn attention again to the dispute between Croatians over accepting or rejecting the principle of partitioning Bosnia?

[Tankovic] There are many forces and different groups on the territory of Bosnia-Hercegovina, all fighting for Bosnia. There are the forces of the Croatian Defense Council, the Border Forces, the HOS [Croatian Defense Forces], and other organized militias. All of them, as I have said, are fighting against the Serbian militias. There are some Muslim soldiers in the Croatian Defense Council's forces, which constitute the military wing of the Democratic Party headed by Croatian President Tudjman, and these forces support the idea of partitioning Bosnia into

cantons. One group of them makes extreme demands and calls for incorporating parts of Bosnia-Hercegovina into Croatia. They have made the city of (Gruda) their headquarters. However, the HOS militias of the Croatian Rights Party support the territorial unity of Bosnia-Hercegovina and recognize the Sarajevo government. Seventy percent of their fighters are Muslims.

[Taha] When it comes to your cause, are the countries of the Islamic world limited to the question of humanitarian aid?

[Tankovic] Of course not. We believe the Islamic governments can play an important role, and therefore we have requested that their representatives take part in the London conference. However, the matter remains a two-edged sword. We have reached this clear dividing line, which shows that there is no room for mistakes on our part.

### British Muslim

92AE0656B London AL-SHARQ AL-AWSAT in Arabic  
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[Interview with "Abu-Muslim," British volunteer for the Bosnian forces, and other fighters by As'ad Taha in central Bosnia-Hercegovina; date not given: "Muslim Britisher in Ranks of Bosnian Forces"]

[Text] *After meeting the leader of the Arab mujahedin group in Bosnia, I asked to meet with a non-Arab mujahid. What I wanted in fact happened, and this interview with "Abu-Hasan" (as he styled himself) took place. He is of British nationality, origin, and upbringing, 48 years old, and converted to Islam four years ago. He served in the RAF for 10 years. Before beginning the interview, I tried to take his picture, but he absolutely refused.*

[Taha] Abu-Hasan, why did you come here?

[Abu-Hasan] This is my duty. The basic concept of Islam is that you spread the idea that "There is no god but Allah; Muhammad is the messenger of God" to every corner of the world. We, as Muslims, need no reason stronger than this, for this is what the messenger of God (may God bless him and grant him peace) commanded—and especially because this country, which is my country, is peaceful, Muslim, and beset by sudden danger.

I consider the very existence of this country living proof that God, who is praised and exalted, is with us, because a long time has passed since the Muslims were at the borders of Europe, and Europeans strongly fear the existence of even this Muslim state. I have come here possessed by a feeling that it is very important and vital for us to preserve this Muslim state, not as an aggressive state, but as a peaceful Muslim state that shall remain for us in Europe.

As soon as we feel that the threat to these Muslims has ended, we shall lay down our arms and return. We came here because we were threatened. Not that we are threatened regarding our lives, for we have come here to offer them for the sake of God, who is powerful and majestic, and to obtain martyrdom. It is that Islam here has been threatened. We believe that blocking the spread of the

word of Islam is a threat to Islam. I believe that everyone here agrees about the reason for which we have come. As you know, there is no concept of aggression in Islam. We use arms only to defend ourselves, by which I mean defending Bosnia.

[Taha] Doesn't your presence here cause embarrassment to the British Government?

[Abu-Hasan] My loyalty is to God, who is praised and exalted, not to my government. The truth is that I have not lived in England for 30 years. I am British by nationality and origin. I carry a British passport and have all the rights of British citizenship, but I have spent most of my life in the countries of the Middle East and the gulf. Then I went to Pakistan, from where I came here.

[Taha] What were you doing before you came here?

[Abu-Hasan] I was studying and pursuing Islamic studies in Pakistan.

[Taha] Did you participate in the Afghan jihad?

[Abu-Hasan] I converted to Islam four years ago and have been studying my religion during this time.

[Taha] How has your presence here affected the villagers?

[Abu-Hasan] As a group, we live in peace with the villagers. Of course there are some differences in customs and traditions, but we try to create harmony. The people here strongly welcome us and feel extremely happy about our presence. Many things have begun to change among them, and behaviors have started to alter. At afternoon prayers, one of the mujahedin teaches a group of girls. There are lessons for the children. The nice part of it is that we organized nothing. It is they who come to us and ask for lessons, Korans, or women's headcloths.

[Taha] Have you participated in combat operations?

[Abu-Hasan] Yes, I have. Actually, I had no experience in such matters before coming. I did have experience in the army, but not in war. It was a joint operation of Bosnian and mujahedin forces, and we had eight casualties. I feel that barely sufficient preparation was made for it and that we did not have enough information about the strength of the enemy. However, we proved to them that they are going to encounter a solid force, particularly if we take into account the inequality in weapons. They are in their trenches atop the mountains, armed with the strongest weapons. All of their trenches are protected by fire and equipped for instant battle. All the Yugoslavian Army's equipment is at their disposal. Yet we gave them a stern lesson in the (Nisko) area. We were about 250 mujahedin. The Serbian forces' radio said we were more than 1,000, which was astonishing. It was a true example of a small number poorly armed, but with strong faith. Praise be to God, the Bosnians' morale and faith are so good that if we gave them tree branches, they would fight with them and win! [end Abu-Hasan]

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I left the village that the non-Bosnian mujahedin are using as their rear headquarters and proceeded to a Bosnian

## YUGOSLAVIA

Defense Forces combat position at a village called (Misotsha). I should mention that the road I traveled this time after leaving Split is considered relatively secure. Parts of it pass through forests or mountainous areas. The only difficulty is a few harassments by Croatian forces who control most of the roads in Bosnia.

However, to reach the first confrontation line at this position, we had to travel a rough mountain road for two hours. We left the cars and finished our journey on foot. Darkness had already fallen over the area, and our guide ordered us to walk single file and not talk to each other because Serbian forces were about 200 meters away and merely hearing voices would be enough to make them fire bullets and rockets in profusion.

Walking 20 minutes was no trouble, especially since we finally reached a building that was fortified on the outside. Inside, it looked like a beehive of activity: three girls to provide nursing and general services, the doctor of the post, the imam of the mosque (wearing a fighter's uniform), a group of individuals from the Bosnian Defense Forces, and the commander (Rojadis Afdiya). All of them greeted us.

"Most of the fighters here," said the commander, "are local people, but the elderly, women, and children have been evacuated." He added: "We have lost 30 fighters to date, and more than 120 have been wounded. This position derives its importance from being 3 km from (Alijash). It is a Serb-inhabited village and constitutes our entry to Sarajevo. Their water source is here. Also, our village forms a passage for the Serbs, who surround us on every side. This position has gained its importance from all this." The conversation continued in the presence of a number of fighters and pots of coffee. Its most important points were two subjects of utmost importance to them—weapons and the winter. Everyone complains of the shortage of weapons. The winter is another problem. They have no amenities with which to confront it, either winter clothing for the fighters or food for them, and there is a threat that the roads will be closed if heavy snow falls.

I next went to the City of Travnik, where one of the groups of so-called Islamic Forces is located. I met with Ahmad, their commander, who spoke Arabic. He said: "We have formed special groups that we have named the 'Islamic Forces.' You can see our battle slogan on our shoulders: 'There is no god but Allah; Muhammad is the messenger of God.' We accept religiously observant young men. As for the Arabs, Turks, and other nationalities, we send them to Abu-'Abd-al-'Aziz, the commander of the Arab mujahedin forces. He takes charge of them. Matters are coordinated between us."

[Taha] Are you considered special forces that do not belong to the Bosnian Defense Army?

[Ahmad] We cooperate with them. There is constant coordination between us. [end Ahmad]

Here, his deputy, Zuhdi, who spoke fluent Arabic and had completed his religious education in Riyadh, interrupted

to say, "Circumstances have forced us to form these units of religiously committed youths."

Zuhdi added: "After these brigades were formed to raise the banner of jihad, we consulted officials in the government and took all the official steps. Our forces have been marked by coordination, thorough organization, and adherence to religious duties and Islamic norms. They are therefore part of the Bosnian forces and are not to be considered independent. We carry the army emblem in addition to our own. Units belonging to us have been formed in a number of cities. There is great interest in us among young people, but we lack weapons and food. In our training camps, we take care so that mujahedin emerge trained militarily and as preachers of Islam."

The call to sunset prayer was given in the darkening command post (the electricity had been cut). Everyone lined up to pray behind the imam of the city, Shaykh Nusrat Ibrahim, who changed his military uniform for a clergyman's garb. "Imams," he told me, "must stand not only in front of the rows of worshipers but also in front of the ranks of mujahedin and martyrs."

### Shortages in Health Services in Serbia Reported

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[Article by S. Lukic: "Money Crunch in Health Services: Gauze by the Gram"]

[Text] *Antibiotics, gauze, absorbent cotton, thread, and surgical drains are running out; blood drawn without changing needles! No spare parts for medical equipment.*

Enraged by the way in which blood was drawn from his nine-year-old son at the University Children's Clinic, Darko Sukovic of Belgrade has begun seeking changes and informing the public about this. An investigation into this case is under way. There has been talk of problems at that clinic for years, but right now there is also talk of infections caused by a lack of antibiotics.

Drawing blood from several small patients for laboratory analysis using the same tube—that is, without disinfecting it—is only one of the consequences of the completely destitute health-care system, and thus at this hospital as well. There is no justification for additional exposure to the risk of infection at a time when conditions do not exist for treating even sick patients. But this is the reality in which we live. Still, perhaps we should consider the proposal by that father that it was better for the children at that clinic, as well as ones before them, to go without meat for another five days instead of spending several years worrying about whether they are infected with the AIDS virus. Knowing that this is exactly how AIDS is transmitted, through blood, it is obvious that the most important issues have not been given top priority.

### Expensive Drugs

Discussing infections caused by the shortage of antibiotics, deputy director Dr. Dragoslav Maksimovic explains that there is no epidemic yet, but that there are more and more sporadic cases. Some of the instigating agents of infection

are resistant to "everyday" antibiotics, and they are appearing with increasing frequency in the seriously ill who have very weakened systems. In order to treat leukemia, sepsis, or meningitis, ciprinol or konet [as published] are needed, but they are rare and expensive drugs. A shortage of them was sometimes felt even without the blockade and current crisis.

"We have gotten a small quantity of antibiotics from the Yugoslav Red Cross, among other things two boxes of penicillin. That is not enough for this sort of hospital, but an even bigger problem for us is expensive drugs. There has never been enough money for us, and donors are somehow more interested in sending large items rather than smaller, more useful items, although that would mean much more to us. Cytostatics have long been the most critical thing," says Dr. Maksimovic.

Borrowing from other clinics and taking supplies on loan solves the problem only momentarily. Surgeons are burdened even during the operations themselves, because it is hard to ration thread, gauze, cotton, surgical drains, or anything of the other auxiliary things. All these are auxiliary materials for which it is impossible to secure money at any moment.

Because of unpaid bills, the Slavija BIM [Belgrade Meat Packing Plant] has not delivered meat for days, so that children are on a diet, so to speak. The problem of maintaining hygiene has also arisen. A memorandum has arrived from the Technological-Economic Center indicating that laundry is no longer being washed because under the "Measures," there will be no deliveries of detergent until all debts are paid.

#### Treatment of Adults Also Inappropriate

The same report has been received by other hospitals, but the similarity of their fates does not stop there. They differ only in terms of the amount of medicine and other things in short supply.

Dr. Vlastimir Mladenovic, director of the Institute for Rheumatology, says that the operation of that institution is in complete upheaval. Food suppliers have told him, "However much money you have, that's how much food you'll get"; there is no money for hygiene, and there was not enough for fuel even while it was still on the market.

Drugs are a story in and of themselves. Gold sodium compounds are widely used to treat rheumatological disorders, but they are entirely off the market. When they do periodically turn up, the price is such that many people must waive therapy. A big problem is the shortage of hypodermic doses of glycocorticoid, which is administered

in the joints, and naturally there are no cytostatics here either. Many necessary X-rays are not being taken because of a shortage of X-ray film, and some tests, even blood analyses, are also being eliminated for lack of laboratory reagents.

At the Institute for Orthopedic Prosthetics, there is a particular shortage of drugs that were produced in former Yugoslav republics, bandages, and plaster dressings. According to the director, Dr. Krsto Vranic, there have been no imports for six months now, while there are only some substitutes for foreign prosthetics, and they are of incomparably poorer quality.

#### The Problem With Drugs—A Different View

"We need to be more realistic in assessing the problem with drugs. Everyone is making extraordinary efforts in this regard, and the situation is not as bleak as it is made out to be. It is not good, but we know under what conditions we are living. We have the most necessary supplies, and drugs for emergency medicine, and that is what we could not do without. The quality of medical treatment has fallen, but this is much more because of the impossibility of using all the 'diagnostics' available to us than because of drugs," says Izudin Hadzagic, director of the Zemun KBC [expansion unknown].

The hospital director adds that thus far not one patient has been at risk because of the curtailed supply of drugs. Nor has anyone lost his life due to the inability to use functional diagnostic systems that are accessible, but he insists that diagnosis is the foundation of treatment.

"Because there are no imports due to the embargo, we are not using a new scanner about which we determined in the setup phase that a certain factory part did not work. We are also short of some used parts, cathodes, electrodes, catheters. We are concerned about these shortages. Without real equipment, diagnosis takes longer and there is less certainty," says Dr. Hadzagic.

Although the heating season does not begin until October, the director is already gripped with panic because there is not a drop of petroleum or crude oil on hand. He does not know where any fuel, or the money for it, will come from. Lately, every day begins the same way at this hospital—every morning creditors threaten to cut off the electricity, water, public utilities, and phone service because of unpaid bills, while hospital officials say that they beg, plead, and whine.

Obviously, the entire health care system has been injured. Only monetary therapy will save it, but not a short-term version.